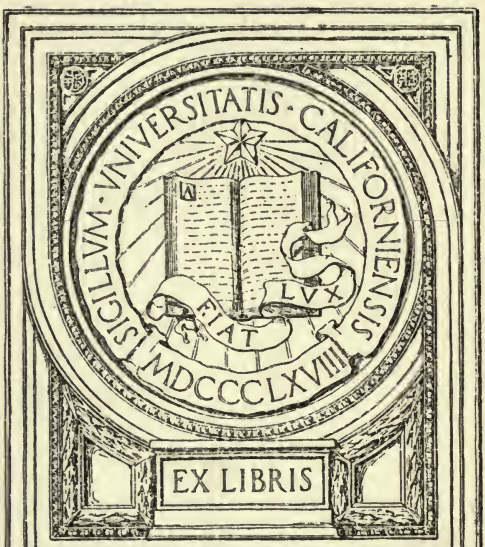
HG
3863
G7
1920
CAP. 2

UC-NRLF
$B 107 517

Modern Foreign Exchange

GONZALES



Econ. Dept. Econ. IA. Main Library

Digitized by the Internet Archive
in 2007 with funding from
Microsoft Corporation

http://www.archive.org/details/modernforeignexc00gonzrich

MODERN FOREIGN EXCHANGE

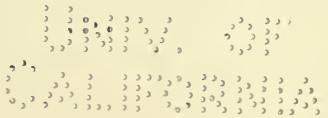
MONETARY SYSTEMS, INTRINSIC EQUIVALENTS AND COMMERCIAL RATES OF EXCHANGE OF ALL COUNTRIES AND THEIR RELATION TO UNITED STATES MONEY

SECOND EDITION

BY

V. GONZALES

FORMERLY FOREIGN TRADE AND BANKING ADVISOR OF THE NATIONAL ASSOCIATION OF MANUFACTURERS OF THE UNITED STATES



1920

C. S. HAMMOND & CO.

30 CHURCH STREET, NEW YORK

HG3861
G7
1920
cop. 2
ECON. L
Econ. Dept. Econ. & Main Library

Copyright, 1914–1920
By V. GONZALES

UNIV. OF CALIFORNIA

CONTENTS

	PAGE
Introduction to Second Edition	5
Introduction to First Edition	13
Monetary Systems	17
Gold Standard Countries	19
Gold Exchange Standard Countries	21
Silver Standard Countries	25
Inconvertible Paper Money Countries	26
Basis of Exchange—Intrinsic Equivalence	28
Intrinsic Equivalents and Commercial Rates of Exchange	35
Instruments of Exchange—Cable Transfers—Notes—Specie—Drafts	39
Exchange in Foreign Trade	45
Arbitrage	58
Table of Moneys in Actual Use	61
Names of Some Coins Used at Times in Business	68
Names of Some Quantities of Money Referred to in Trade	68
Value of the Gramme of Gold	69
Coining Value of the Ounce of Fine Gold	70
Par Value of the American Dollar	70
Coining Value of the Ounce of Fine Silver	71
Time Distances	71
Monetary Units—Intrinsic Equivalents	78
Commercial Rates of Exchange	85
Exchange Quotations	95
Colonies and Possessions	99
Intrinsic Value of Subsidiary Silver Currency	103
Exchange, a decisive factor in trade	109

INTRODUCTION TO THE SECOND EDITION

The first edition of this book appeared a few months before the European War disturbed the entire financial structure of the world.

Since then very few technical changes have been made in the monetary systems. Only four countries, China, Colombia, Salvador, and Turkey, have put in operation new laws relating to money. In this edition they are mentioned accordingly.

During the war several countries have issued different forms of subsidiary money to cover local needs of circulation. Iron, zinc, and aluminum coins have been issued in some of the belligerent and even in some neutral countries. Also other tokens printed on paper and cloth. All have more or less served their purpose for the time being and are supposed to be redeemed in current money as soon as conditions become normal.

They have not changed in the least the technical conditions of money in any country nor have they had any influence on their foreign exchanges. They will serve more as a good supply of specimens for numismatists and collectors of curiosities.

The great change, however, that the world has experienced is not so much technical as practical. Gold, which until the first shot was fired, was the automatic regulator

of exchanges, has almost disappeared from circulation and being no longer free to move from one country to the other, has ceased to act as the basis for the adjustment of international balances. Nothing has been devised yet to take its place and exchanges between countries have been left entirely to actual supply and demand, except where Government interference has artificially governed adjustment in the transfer of values.

Until a few months ago, exchange between the United States and Great Britain was pegged at an arbitrary rate of roughly $4.76 per £1 against a mint par of $4.86656 and gold points of $4.82 and $4.9065. This was done by means of permanent purchase of drafts at that price, the necessary funds for so doing being provided by loans made to the United Kingdom by the Government and the people of the United States. That pegging caused almost all the excess of London Exchange all over the world to be dumped into the United States, creating adverse balances against this country, which might be termed "artificial balances" because trade balances were actually in favor of the United States, as happened in Spain, Scandinavia, and other countries. Gold not being allowed to move except under the most stringent regulations, the adjustment of natural balances of trade against the United States was exceedingly cumbersome, and caused the unpleasant feeling of an American dollar at a discount in several countries. The moment exchange was left free again it commenced to drop reaching at this writing about $3.75 per pound sterling.

No one knows what the world will be able to do in the matter of either reëstablishing gold to its former position or substituting for it some other form of international adjusting medium universally accepted. Until then, exchanges all over the world will be disturbed with nothing certain for the future and subject only to supply and demand.

The immense amount of uncovered paper money issued and outstanding everywhere, the enormous war debts, the almost inconceivable sums needed to restore the damage and to set into normal motion the wheels of production and commerce, and the claim of gold miners for a higher price because they cannot produce it for what they obtain, are factors to be considered in deciding what will be done to keep up the parity of all moneys.

But whatever the world adopts as international exchange adjuster, and however it is put into operation, it is probable that the former relation between the different moneys will be maintained. In every country its domestic commerce will be regulated in its own money, as it is and as it was. The pound sterling will be made probably theoretically equivalent to $4.86656 and the same will apply to the moneys of all other countries in relation to American currency and all others.

No mention is made of the money of the new political entities as they are not yet finally determined. Czechoslovakia considers the adoption of a new unit called the "sokol" to be equivalent to the French franc. The country, whose exact boundaries have not yet been fixed, was

flooded with Austrian paper money of little actual value, and the people were used to count, think and adjust their prices in Austrian kronen. It assumed as liability of the State the Austrian paper in circulation, had the notes stamped and then exchanged them for its own notes issued in kronen also.

In Poland, formed by the segregation of former Russian, German, and Austrian territories, there are three different moneys circulating—roubles, marks and kronen. Some time will pass before an actual uniform unit can be adopted. Of the different factions of Russia, only the Ukranians have adopted a new unit, the Hryvnia (pronounced crivnia) equivalent to two roubles. This may be definite, or not. It is therefore preferable to wait until this matter is finally settled before putting it on record.

Austria and Hungary were mentioned in the first edition as if one country. No change has been made in the present edition as up to this moment no definite news is available as to what the money of the different fractions of the former dual monarchy will be.

Jugo Slavia or more properly the "Kingdom of Serbs, Croats and Slovenes" as it is officially called and which is supposed to comprise Serbia, Montenegro and some territories formerly under the jurisdiction of Austria-Hungary, is still divided in the matter of currency, Serbia retaining its Dinar, Montenegro its perpen and Croatia, Bosina and Herzegovina still using Austrian kronen.

Another change of importance affecting exchanges has been the advance in the price of silver. When war was

declared, the average price in New York for the preceding five years was around 55 cents per ounce of pure metal. This is why, in the first edition of this book, the value of money in silver standard countries was figured on the basis of 55 cents the ounce, although it was clearly explained that such basis was constantly subject to fluctuations.

During the first year of the war it dropped to an average of 51 7/8 cents (for 1915). But thereafter silver advanced almost constantly until it reached about $1.15 at the end of 1917. The demand, especially for India and the Far East, was enormous and the American Government felt itself more or less constrained to come to the rescue in filling the demand that was creating chaotic conditions in the Far Eastern trade at a time when its products were badly needed and could be acquired only with actual silver, unobtainable in enough quantity at its places of production. The American Government, therefore, passed a law authorizing the smelting of up to 350 million dollars out of the stock held in the Treasury, in trust for the redemption of silver certificates, recalling an equal amount of these. The Law of April 23, 1918, authorized the sale of this silver at not less than one dollar per ounce and directed the purchase of an even amount at the fixed price of one dollar as and when possible, practically fixing for some time the minimum price of silver at $1.00 per ounce fine. In this edition the value of money in silver standard countries has been figured at this price, which, of course, is also subject to fluctuation.

Another disturbance caused by the advance of the price

of silver was the overvaluation of subsidiary coins in countries under gold, or gold exchange standard. India gives a striking example of this. The Indian silver rupee weighs 11.664 grammes 916 2/3 fine or 10.6920 grammes fine which is .343747 of one ounce pure silver. At $1.00 the ounce it is intrinsically worth $.343747 against the guaranteed gold exchange value of the rupee of 16 pence or 1/15 of $1 or $0.32444. The subsidiary coin then became more valuable than the standard guaranteed value, thus depreciating gold exchange.

Because of this and the depreciation of British exchange the Indian Government has been obliged to advance the value of the rupee successively to 17, 18, 20, 22, 24 and 26 pence and it may still be further advanced if silver goes higher and British exchange lower.

Both have caused the dislocation of Indian exchange in the United States. At this writing with silver at $1.32 per ounce, the silver rupee is intrinsically worth .45 3/8 cents. At $3.75 per pound sterling the 26 pence guaranteed are worth only 40 5/8 cents and actual rate on the market is 45 1/2 cents.

In Peru, the silver "sol" subsiduary of the Gold Unit—the Pound, weighs 25 grammes of silver, 900 fine or 22 ½ grammes of pure silver—.7234 of one ounce and is worth, at $1 per ounce, $.7234 against $.48 2/3 supposed to represent as the 10th part of the Peruvian Gold Pound. As soon as the intrinsic value exceeded the representative value the silver coins disappeared from circulation and the Government was obliged to coin nickel as subsidiary,

retaining its gold standard under the restrictions established at the outbreak of the war.

Not every country faced the same trouble on this account. In some, like Salvador, on a silver standard, the conversion or redemption of notes for silver had been suspended until 12 months after the signing of peace—exchange maintained at an artificial rate far above what it should be in accordance with the gold price of silver until last September when it adopted the Gold Standard changing the name of its unit to "Colon" (.7524 grammes of fine gold equivalent to 50 cents American gold). In others, silver disappeared entirely from circulation and was substituted with paper money. Mexico reduced the weight of its silver coin in December, 1918, and again in November, 1919.

A list of the countries where subsidiary silver money has passed the value of the standard, with silver at $1 per ounce, is given in this book, mentioning the proportion of an ounce of silver contained in each.

In the United States where the whole dollars (silver) have a gold parity of $1.2929 per ounce and fractional currency of $1.38239 the problem of overvaluation is just presenting itself. If the price of silver advances beyond the melting point it would be difficult to keep the coins in circulation. With perhaps only the U. S. A. as exception the entire world is practically on a flat paper money basis, relation with gold and silver being only theoretical. In every country conditions of foreign exchanges are so disturbed and uncertain that it would be idle to describe

them in detail as they may change at any moment. It is therefore preferable to describe only the essential features of their money according to their monetary laws in the understanding that it is all only nominal for the present.

The author has been delaying the publication of this second edition, waiting for something definite to figure on. But the first edition is exhausted and there is a very large demand for something more up-to-date. Thence the reason for publishing this book at this time.

V. GONZALES.

New York, December, 1919.

INTRODUCTION TO THE FIRST EDITION

Knowledge of the money and exchange of all countries is becoming more and more necessary because of the rapid expansion of international commercial relations.

Years ago some three or four European cities alone were the centers of international monetary transactions and these absorbed the entire volume of trade clearings from all countries. During the last ten or fifteen years NEW YORK has become a very important market for exchange and it is likely that some other cities of the United States will soon reach the same position.

The development of our foreign trade makes it desirable that we should have a comprehensive grasp of foreign exchange as each domestic commercial center strives for as much direct and independent business as it can possibly get.

Foreign trade competition has become so keen all over the world that, at present, it is not enough to know the cost of goods and incidentals only. To sustain an intelligent and successful struggle it is also necessary to know, thoroughly, all about other people's money and its relation to our money.

Of late it has been found very convenient to quote and fix prices in the money of some purchasing countries.

This can be done to advantage with those under stable monetary conditions.

FOREIGN EXCHANGE is no longer a matter of concern to exchange dealers alone. It is a subject of wide interest to all who have, or wish for, foreign business.

All treatises on foreign exchange published up to the present time deal with the subject scientifically and are devoted more to the study of economic principles and history than to the description of money and exchange in reference to international trade.

Facts, as they stand, are summarized and condensed in this booklet in a simple and comprehensive form, permitting even those without any special preparation to readily understand them. It shows not only the intrinsic equivalents of all moneys with American money and vice versa, but also the maximum and minimum possible rates of exchange with all countries, and affords in a condensed form, all the knowledge that business men need at hand for their foreign commercial transactions.

V. G.

New York, January, 1914.

NOTES

To avoid confusion all weights are given in "grammes" because it is the standard unit of weight in use all over the world. All reference to the "grain" has been omitted.

One gramme is equivalent to 15.43235639 grains. The Act of July 28, 1856, fixed the equivalent as 15.432. To know the number of "grains" contained in any number of "grammes," multiply these by 15.432. To know the number of "grammes" in any given number of "grains," divide by 15.432.

An ounce contains 480 grains. Therefore each ounce contains $\left(\frac{480}{15.43235639}\right)$, 31.10349552 grammes, roughly given as 31.104 grammes.

Five decimals are given for the sake of mathematical exactness, but in business only two are used. When third decimal is 5 or more, add 1 to the second. When using three decimals follow the same method. For instance, the equivalent of the Latin Union franc is given as .19295, as the fourth decimal is 9 the third is increased to 3, and is often mentioned as .193.

Gold is quoted in London on the basis of the Ounce *Standard* which is .91666 fine (11/12), in the United States is quoted on the basis of the ounce *fine* (1000/1000).

1 ounce standard = .916.666 fine.
1 ounce fine = 1.090909 standard.

Silver is quoted in London on the basis of the Ounce *Standard* which is .925 fine (37/40), in the United States it is quoted on the basis of the ounce *fine* (1000/1000).

1 ounce standard = .925000 fine.
I ounce fine = 1.081081 standard.

MODERN FOREIGN EXCHANGE

MONETARY SYSTEMS

There are four standards of money which constitute the basis of the different monetary systems of the civilized world. They are:

1. GOLD STANDARD wherein GOLD is the only full legal tender, other forms of money being maintained at a parity, with or without Government guarantee, by their permanent conversion into gold and by means of the limitation of their supply.
2. GOLD EXCHANGE STANDARD wherein gold and other forms of money are legal tender, the conversion of the latter into gold being guaranteed directly by the Government by means of a conversion fund or otherwise, there being an artificial way of providing foreign exchange at fixed rates.
3. SILVER STANDARD wherein SILVER alone is legal tender, other forms of money being convertible into white metal only; and
4. INCONVERTIBLE PAPER MONEY the parity of which is not maintained at all and is dependent upon the local quotation given to the credit of the Government.

Every country has its own monetary system based on one of the four standards as described.

The three metallic standards are monometallic, bimetallism having been abandoned everywhere.

Some people consider as bimetallic, gold standard countries in which some SILVER coins are given unlimited legal tender power. These countries maintain the parity of such coins by limiting their supply to a certain amount, indispensable for circulation purposes only. This is rather a defect of the system and is called the "Limping standard."

Bimetallism does not consist in the legal tender quality given to SOME pieces of SILVER, when GOLD is the standard, but in allowing the free coinage, or the unlimited supply, of such coins.

None of the countries under the Gold Standard or the Gold Exchange Standard allow the free and unlimited coinage of silver. The right is reserved to the Government and the supply is increased only when the needs of the country demand it.

In Silver Standard countries gold is not legal tender at any fixed ratio; it is accepted conventionally in reference to the gold price of silver.

There are forty-seven systems now in use, of which

21 are based on the Gold Standard,
13 are based on the Gold Exchange Standard,
9 are based on the Silver Standard, and
4 are based on Inconvertible Paper money.

AMERICAN GOLD

The GOLD STANDARD is represented by the following units:

1. The EGYPTIAN POUND divided into 100 Piastres of Ten Ochr-el-guerch or milliemes, each of 4 Paras. It is used in Egypt exclusively and contains 7.4375 grammes of fine GOLD. It is equivalent, in American money, to... $4.94 [307]
2. The BRITISH POUND STERLING divided into 20 Shillings of 12 pence. It is used in Great Britain and the majority of its colonies. It weighs 7.32238 grammes of fine gold and is equivalent to..... 4.86 [656]
3. The PERUVIAN POUND divided into 10 Soles of 100 centavos and used in Peru only. It weighs 7.32238 grammes of fine gold being exactly like the British Pound and is equivalent to..... 4.86 [656]
4. The PORTUGUESE ESCUDO divided into 100 centavos in use in Portugal and the majority of its colonies. It weighs 1.62585 grammes of fine gold being equivalent to..... 1.08 [056]
5. The URUGUAYAN PESO divided into 100 Centesimos. It is used only in Uruguay and weighs 1.55615 grammes of fine gold being equivalent to..... 1.03 [424]
6. The NEWFOUNDLAND DOLLAR divided into 100 cents and used exclusively in Newfoundland. It weighs 1.52551 grammes of fine gold and is equivalent to..... 1.01 [387]
7. The DOLLAR divided into 100 cents. It is used in the UNITED STATES and its possessions HAWAII and PORTO RICO and in CANADA, CUBA, SANTO DOMINGO, LIBERIA, most of the British West Indies, British Guiana, and British Honduras. It weighs 1.50464 grammes of fine gold and represents the..... 1.00
8. The COLOMBIAN PESO divided into 100 centavos. It is used only in Colombia and weighs 1.46448 grammes of fine gold and is equivalent to.....0.97 [331]

AMERICAN GOLD

9. The RUSSIAN ROUBLE divided into 100 Kopecks. It is used in all Russian territories and weighs 0.77423 grammes of fine gold being equivalent to..... 0.51 456
10. The SALVADOREAN COLON divided into 100 centavos, in use in Salvador only. It weighs 0.7524 grammes of fine gold and is equivalent to..... 0.50
11. The JAPANESE YEN divided into 100 Sen of 10 Rin. It is used in Japan and its possessions. It weighs 0.75 grammes of fine gold and is equivalent to..... 0.49 846
12. The ECUADOREAN SUCRE divided into 100 centavos, in use in ECUADOR alone. It weighs 0.73224 grammes of fine gold (one-tenth of a British Pound) and is equivalent to..... 0.48 666
13. The COSTARICAN COLON divided into 100 centimos. It is used only in Costa Rica and weighs 0.7002 grammes of fine gold being equivalent to..... 0.46 536
14. The NETHERLANDS FLORIN or GUILDER divided into 100 cents. It is used in the Netherlands (Holland) and its colonies, Java, Sumatra, Curacao, Guiana, etc. It weighs 0.6048 grammes of fine gold and is equivalent to 0.40 196
15. The BOLIVIAN BOLIVIANO divided into 100 centavos, used in Bolivia only. It is not coined yet but is to weigh 0.58579 grammes of fine gold (B. 12.50 to the £1) and is equivalent to..... 0.38 932
16. The SCANDINAVIAN KRONE divided into 100 Ore. It is used in the Scandinavian States—Denmark, Sweden, Norway and Iceland. (In Sweden it is called KRONA.) It weighs 0.40323 grammes of fine gold and is equivalent to..... 0.26 799
17. The GERMAN MARK divided into 100 Pfennige. It is in use throughout the German Empire and in all German colonies, except East Africa. It weighs 0.35842 grammes of fine gold and is equivalent to..... 0.23 821
18. The AUSTRIAN KRONE divided into 100 Heller. It is used only in Austria-Hungary. (In Hungary it is called

AMERICAN GOLD

KORONA and is divided into FILLER.) It weighs 0.30488 grammes of fine gold and is equivalent to..... 0.20 [263]

19. The MONTENEGRIN PERPER divided into 100 PARAS. It is in use exclusively in Montenegro and weighs 0.30488 grammes of fine gold being equivalent to..... 0.20 [263]

20. The LATIN UNION FRANC divided into 100 centimes. It is used in FRANCE and its COLONIES, BELGIUM, the BELGIAN CONGO, SWITZERLAND and MONACO under the same name and in BULGARIA where it is called LEV divided into STOTINKI, RUMANIA where it is called LEU and is divided into BANI, SERBIA as DINAR divided into PARA, GREECE under the name of DRACHMA divided into LEPTA, ITALY as LIRA divided into CENTESIMI, SPAIN where it is called PESETA and is divided into CENTIMOS, FINLAND as MARKKA divided into PENNIA and VENEZUELA where it takes the name of BOLIVAR and is divided into CENTIMOS. It weighs 0.29032 grammes of fine gold and is equivalent to..... 0.19 [295]

21. The TURKISH PIASTRE divided into 40 Paras, used in Turkey and its dependencies, not otherwise mentioned. It weighs 0.06615 grammes of fine gold and is equivalent to..... 0.04 [396]

The GOLD EXCHANGE STANDARD is used by the following countries:

1. PANAMA, where the unit is called BALBOA and is divided into 100 centésimos. Its currencey consists of American gold coins and notes and Panamanian SILVER Half-Balboas or PESOS (to which the Government guarantees the value of 50 cents in United States currency). The theoretical unit weighs 1.50464 grammes of fine gold and is equivalent to.....$1.00

2. NICARAGUA. The unit is the CORDOBA divided into 100

AMERICAN GOLD

centavos. Circulation consists of SILVER coins and bank notes guaranteed to be payable in gold. The theoretical unit weighs 1.50464 grammes fine gold and is equivalent to..... 1.00

3. The STRAITS SETTLEMENTS and FEDERATED MALAY STATES. The unit is the DOLLAR divided into 100 cents and guaranteed by the British Government to represent 28 pence. It circulates SILVER coins (20.217 grammes .900 fine to the DOLLAR) and Government notes which are redeemed at the rate of 28 pence per DOLLAR. The theoretical unit, then, weighs 0.85428 grammes of fine gold, equivalent to..... 0.56 776

4. The PHILIPPINE ISLANDS. The unit is the PESO divided into 100 centavos. The circulation is composed of SILVER coins (20 grammes .800 fine to the PESO) and Government notes to which the American Government guarantees a value of 50 cents American gold per Peso. The theoretical unit then weighs 0.75232 grammes of fine gold, equivalent to..... 0.50

5. MEXICO. The unit is the PESO divided into 100 centavos. The PESO according to the law is 0.75 gramme of fine gold, but silver Pesos are given full legal tender power, the Government maintaining the parity of these by means of a conversion fund that provides for the exchange of silver Pesos into gold, and for foreign exchange at fixed rates. The unit is then 0.75 gramme of fine gold, equivalent to..... 0.49 846

6. ARGENTINA. The unit is the PESO divided into 100 centavos. The legal currency consists of PAPER (Government notes) to which the Government guarantees the value of Frs. 2.20 per PESO (44% of the former value, which was Frs. 5 per PESO). This parity is maintained

AMERICAN GOLD

by means of a conversion fund which permanently exchanges PAPER for GOLD and vice versa at the fixed rate of Frs. 2.20 in Gold per Paper Peso. The theoretical unit, then, represents 0.63871 grammes of fine gold, equivalent to..... 0.42 449

7. SIAM. The unit is the TICAL divided into 100 Satang (or 4 Salung of 25 Satang). The present medium of circulation is SILVER coins and Government notes to both of which the Siamese Government guarantees a gold value of 0.558 gramme of fine gold per Tical. This guarantee is made effective by means of a conversion fund that provides for exchange of silver and notes into gold or foreign bills at said rate. The theoretical unit weighs, then, 0.558 gramme of fine gold, equivalent to..... 0.37 085

8. INDIA. The unit is the RUPEE divided into 16 Annas of 12 pies. The circulation is composed of SILVER coins and Government notes guaranteed by the British Government at the rate of 16 pence per Rupee or 15 Rupees per £1. Rupees are not coined in gold, the British Sovereign being the legal gold coin. Silver RUPEES (11.664 grammes of silver .916.66 fine) are full legal tender, and their parity with gold is maintained by the conversion fund which provides for exchange at 15 Rupees per £1. The theoretical unit, then, weighs 0.48816 gramme of fine gold, equivalent to (1)..... 0.32 444

9. CEYLON. The unit is the RUPEE, as in India, but is divided into 100 cents (instead of into Annas and Pies). Circulation is composed of silver coins and Government notes, both of which are guaranteed by the British Government at the rate of 16 pence per Rupee. The theoretical unit, like in India, represents 0.48816 gramme of fine gold, equivalent to [1]..... 0.32 444

[1] Rate has been advanced to 26 pence per Rupee.

AMERICAN GOLD

10. BRAZIL. The unit is the MILREIS divided into 1,000 Reis. The circulating medium and the only legal money of the country is composed of Government notes guaranteed at the rate of 16 pence per MILREIS. Silver and nickel coins circulate also as fractions of the unit and are legal tender for small amounts. The theoretical unit is exactly like that of India and Ceylon and represents 0.48816 grammes of fine gold, equivalent to..... 0.32 444

11. BRITISH EAST AFRICA and ZANZIBAR PROTECTORATE. The unit is the RUPEE divided into 100 cents. Circulation is composed of SILVER coins (11.664 grammes .916.66 fine to the Rupee) and Government notes, both guaranteed at the rate of 15 Rupees to £1. The theoretical unit, as in Ceylon and India, represents 0.48816 gramme of fine gold, equivalent to..... 0.32 444

12. ITALIAN SOMALILAND. The unit is the RUPEE divided into 100 Bese and circulation is limited to silver coins (11.664 grammes .916.66 fine to the Rupee) guaranteed by the Italian Government at the rate of 15 Rupees to £1. The theoretical unit represents, then, 0.48816 gramme of fine gold equivalent to..... 0.32 444

13. EAST AFRICA (formerly GERMAN). The unit is the RUPEE divided into 100 Heller. It circulates silver coins (11.664 gramme .916.66 fine to the Rupee) guaranteed by the German Government at the rate of 15 Rupees to Mks. 20. The theoretical unit represents 0.47790 gramme of fine gold, equivalent to..... 0.31 761

The SILVER STANDARD is in use in the following countries:

1. CHINA, where quite a variety of UNITS exist. Each province has its own unit, but the official one, is the YUAN divided into 10 chios, of 10 fen, of 10 li. This unit weighs 26.85672 grammes of silver .900 fine and contains

[1] Rate has been advanced to 26 pence per Rupee.

24.171048 grammes of fine silver which is equivalent to 0.77710 oz. fine.

As the price of silver fluctuates almost constantly it is impossible to give any fixed equivalent, but it is easy to find it by reference to the portion of an ounce fine contained in the unit, multiplying this by the price of the fine ounce of silver. At the price of 100 cents American Gold per fine ounce the YUAN mentioned would be worth $0.77710. In order to facilitate the calculation of the value of this unit, as well as of other SILVER STANDARD UNITS, their proportion of fine ounces is given.

The local TAELS are as follows:

AMOY Tael	36.8861 grammes fine	1.185895 oz. fine
Canton	36.7752	1.182331
Chefoo	35.2793	1.134236
Chinkiang	36.0327	1.158458
Foochow	34.1198	1.096958
Haikwan	37.5317	1.206684
Hankow	34.5119	1.109565
Kiaochow	35.7444	1.149273
Nanking	36.5008	1.173508
Niuchwang	34.5914	1.112120
Ningpo	35.4641	1.140178
Peking	35.9602	1.156127
Shanghai	33.6927	1.083224
Swatow	34.0732	1.095460
Takau	37.1196	1.193402
Tientsin	35.7444	1.149273

At present the Government is planning to adopt the gold standard on the same basis as Japan.

2. FRENCH INDO-CHINA. The unit is the PIASTRE divided into 100 centimes of 5 Sapeques. It weighs 27 grammes of silver .900 fine and therefore contains 24.300 grammes of fine silver or 0.78125 fine oz.

3. HONGKONG. The unit is the DOLLAR divided into 100 cents. It weighs 26.956 grammes of silver .900 fine, and contains 24.2604

grammes fine or 0.779976 fine oz.

4. Abyssinia. The unit is the Talari divided into 100 Besa. It weighs 28.075 grammes .835 fine and contains therefore 23.44263 grammes fine silver or 0.753685 oz. fine.
5. Morocco. The unit is the Rial divided into 20 Belions. It weighs 25 grammes of silver .900 fine or 22.5 grammes fine which is 0.723379 fine oz.
6. Honduras. The unit is the Peso divided into 100 centavos. It weighs 25 grammes of silver .900 fine and contains therefore 22.5 grammes fine which is 0.723379 fine oz.
7. Eritrea (Italian Colony). The unit is the Tallero divided into 100 centesimi. It weighs 25 grammes of silver .900 fine and contains therefore 22.5 grammes fine, or 0.723379 oz. fine.
8. Afghanistan. Uses the Indian Rupee at its silver value. The Indian Rupee weighs 11.664 grammes of silver .916.66 fine and contains 10.69192 grammes fine, or 0.343747 oz. fine.
9. Persia. The unit is the Kran divided into 20 Shahis of 50 Dinars. It weighs 4.605 grammes silver .900 fine or 4.1445 grammes fine, or 0.133246 oz. fine.

Inconvertible Paper Money is the legal currency of only four countries at present. They are:

1. Chile. The unit is the Peso divided into 100 centavos. According to the existing law it should have the intrinsic equivalence of 18 British pence—0.599103 grammes gold .916.66 fine. But this law is not in operation and the circulation is composed of Government notes which are quoted on the market at rates fluctuating between 10 and 11 pence per Peso.
2. Guatemala. The unit is the Peso divided into 100 centavos. Its monetary system is based on Silver (unit of 25 grammes .900 fine), but at present it circulates only inconvertible paper money subject to unlimited fluctuation since there is no provision for the redemption or maintenance of any value in gold for the notes.

3. HAITI. The unit is the GOURDE divided into 100 centimes. Its monetary system is nominally based on gold (1.6129 grammes .900 fine), but it circulates only inconvertible paper subject to unlimited fluctuation. It has recently passed a law adopting the Gold Standard on the basis of 0.418 gramme of gold .900 fine to the Gourde, which is equivalent to $0.25 American money.
4. PARAGUAY. The unit is the PESO divided into 100 centavos. The monetary system is based nominally on a GOLD PESO of 1.6129 grammes .900 fine, but circulation at present is confined to Government irredeemable notes, subject to unlimited fluctuation.

BASIS OF EXCHANGE.
INTRINSIC EQUIVALENCE

The basis of MONETARY EXCHANGE between countries lies in the relation existing between the INTRINSIC GOLD VALUE of their respective moneys.

The American dollar contains 1.671818 grammes of gold nine-tenths (.900) fine and the British Pound sterling 7.98805 grammes gold $.916^2/_3$ fine. The BASIS of exchange between American money and British money is the relation existing between

1.671818 grammes .900 fine, and
7.98805 grammes $.916^2/_3$ fine.

To find this relation both quantities must be reduced to fine gold which is ascertained by multiplying the WEIGHT by the FINENESS.

Thus the American dollar contains (1.671818 × .900) 1.50464 grammes fine gold, and the British Pound (7.98805 × .916.66) 7.32238 grammes fine gold. The relation between them is:

$$\frac{7.32238}{1.50464} = 4.86656 \text{ American dollars to £1.}$$

$$\frac{1.50464}{7.32238} = 0.205485 \text{ of £1 to one dollar.}$$

As the British Pound is divided into 20 shillings, the above fraction would be (0.205485 × 20) 4.10970 shillings. Again, as the shilling is divided into 12 pence, the fraction (0.10970) would be (0.10970 × 12) $1.^{316}$ penny. This is then 4 shillings and $1.^{316}$ penny, usually quoted $49.^{316}$ pence.

A similar formula may be expressed in the moneys of all GOLD STANDARD countries.

The Austrian "Krone" contains 0.30488 grammes gold fine and the German "Mark" (or Reischmark) contains 0.35842 grammes gold fine. To ascertain the relation between Austrian krones and German marks, divide $\frac{0.30488}{0.35842} = 0.8506$ German marks to the Austrian krone. To find the relation between German marks and Austrian krones, reverse the factors $\frac{0.35482}{0.30488} = 1.1756$ Austrian krones to the German mark.

When dealing with countries under the "gold exchange standard," the amount of gold GUARANTEED to be given by the Government for each unit of money is the basis of comparison.

The value of American money in Indian rupees is determined by the number of grammes of fine gold contained in the American dollar compared with those guaranteed by the British Government to be given for each rupee. This number is the one corresponding to 16 pence or the FIFTEENTH PART of one Pound Sterling. The fifteenth part of 7.32238 is 0.488158 gramme fine

gold. Therefore one American dollar is equivalent to

$$\frac{1.50464}{0.48816} = 3.08226 \text{ Rupees.}$$

As the rupee is divided into 16 "Annas," the fraction (0.08226) is (0.08226×16) $1.^{31616}$ Annas. Again, as the "Anna" is divided into 12 "Pies," the fraction 0.31616 is (0.31616×12) $3.^{79392}$ pies, practically 4 pies. Therefore the American dollar is intrinsically equivalent to Rupees 3, Annas 1, Pies 4 (which is expressed Rp. 3. 1. 4).

The relation between the Indian rupee and the American dollar can be found by reversing the dividend and divisor, $\frac{0.48816}{1.50464} = 0.324437$. Therefore the Indian rupee is intrinsically equivalent to $0.324437 American dollars.

This relation exists just so long as the Government fulfils its obligation to give the guaranteed amount of gold for every unit of currency. When it fails to do so the currency falls to its silver value, if circulation is composed of silver coins, or becomes "inconvertible paper money" with no relation whatever to gold, and consequently without any basis for exchange with other countries if its circulating medium is paper.[1]

[1] It must be perfectly well understood that this refers to the time when gold was (and whenever gold may be again) the basis of monetary systems—(actual gold, guaranteed gold, or the gold price of silver). At present almost all countries are on an inconvertible paper money basis, having only a theoretical relation to gold. Weights of units are referred to for conversion purposes only, and exchanges are figured on

The relation between gold-standard and gold-exchange-standard countries, and countries under the silver standard is found by ascertaining first the gold-value of the silver unit, and then comparing. As silver fluctuates the relation is fluctuating.

To find the gold-value of the unit (silver), multiply its weight by the price of silver on the market. This is quoted in New York on the ounce of fine metal (1000 fine).

To find the relation between the "Dollar" of Hongkong and the American dollar, first ascertain the gold-value of such Dollar.

The Hongkong Dollar contains 26.956 grammes silver,

such proportions quoting at times "par," "premium" or "discount" as if such relation existed in fact.

The equivalent of the Rupee mentioned refers to a "par" value considering both the Rupee and the American Dollar as if gold. Gold does not count for the present, in the relation between these two moneys, both because the conversion of the Rupee is not made into gold but into London exchange, and because the Silver Rupee (actual currency) has a value greater than its guaranteed sterling value (16 pence). The rate of the Rupee is now figured on the valuation in British Exchange fixed from time to time by the Indian Government as an emergency measure, and naturally on the corresponding value of such (British) exchange in the United States. Rupees are quoted on the market independently and not always the rates keep pace with its valuation in British exchange.

The lifting of American restrictions on the export of silver and the possible removal of restriction on its import into India will probably advance the price of the white metal and the rate of exchange for rupees. Coining of Rupees is not free, however, and rates of exchange probably will not follow too closely the price of silver.

.900 fine, which is 24.2604 grammes fine. An ounce contains 31.104 grammes, and the Hongkong Dollar then represents $\frac{24.2604}{31.104} = 0.77.9976$ ounce.

If the price of silver is 100 cents per ounce fine, the Dollar of Hongkong will be equivalent to (0.779976 × 100) $0.779776 American gold.

To find the intrinsic equivalent of the American dollar in Hongkong money (with silver at 100 cents per ounce fine), divide 1 by 0.779676. The result is $1.28260 Hongkong currency for each American dollar.

The relation will always change with the variation in the price of silver.

In every case by multiplying the fine silver contained in the unit by the market price of silver, the gold-value of the unit will be found.

Silver coins in gold-standard or gold-exchange-standard countries are only SUBSIDIARY, and are REPRESENTING A GOLD PORTION OF THE UNIT. They are usually legal tender for only small amounts and their intrinsic value in gold has nothing to do with exchange.

The relation between all other countries and those having inconvertible paper money can only be found by ascertaining ANY GIVEN DAY the amount of gold given by the public for the unit. This money has no intrinsic value whatsoever, and its gold-value depends entirely on what the people are willing to accept it for.[2]

[2] Subsidiary silver currency had never any effect on foreign exchanges as its only function was to represent fractions of the standard

unit. As a rule, its intrinsic value was inferior to the value represented. It was coined for convenience of circulation only and it was to the interest of each country to retain it within its borders by giving it a representative value higher than its intrinsic value.

The unusual advance in the price of silver, due to its increased cost and shortage of production, as well as its excessive demand, caused a great disturbance wherever the intrinsic value of subsidiary silver coins became greater than their representative value. This happened in the fifteen countries as listed on page 105.

Conditions were not the same in all. Some had gone into inconvertible paper completely and silver had already disappeared from circulation. Others maintained artificial rates of exchange prohibiting exportation of silver. In others, silver disappeared from circulation as a natural development and a substitute, paper or nickel, was temporarily adopted.

In the table (pp. 105–107), the intrinsic value is given considered at $1 per ounce fine. This price is by no means fixed, it can increase or decrease. No one can tell what course it will follow. The proportion of an ounce fine per unit being given, it is easy to find out the value of the unit when the price of silver changes. Only intrinsic value is given. Not rates of exchange.

To figure exchange rate, other factors have to be considered, as abrasion, transportation, insurance, delay (interest), etc. (see page 94) and then the possibility of importing or exporting it as bullion.

The figures mentioned in the last column as "gold parity of silver" are the prices at which the metal contents of the coins would be intrinsically worth their face value (in gold.)

Abrasion is not taken into consideration, nor expense of transportation and delay (interest). These expenses cannot be figured on an even proportion as they differ according to distance and transportation facilities.

The information is given more for reference than for any practical purpose as very little exchange, if any, would ever be utilized in moving subsidiary coins.

Further advance in the price of silver may suggest the necessity of reducing the weight of the coins as was done a few years ago in the Philippines and lately in Mexico.

The "gold" parity is based on the supposition that gold is the comparative value. For instance, when mentioning that the French Five Francs piece (intrinsically worth at $1 the ounce $0.72338 and representing $0.96475) would be worth "par" if silver advanced to $1.33367 per ounce it is supposed that the "5 francs" represent a par value of $.96475 as if "gold" francs and "gold" dollars. In figuring under present conditions it must be borne in mind that there is a great difference between "gold" francs (or any other money) and "exchange" francs. Gold francs are worth $.19295 each or $.96475 for five francs in "American Currency," but "exchange" francs (at sight) are worth only about $.8696 at present rate (Fcs. 11.50 per $1) American currency. If the price of silver advanced to $1.33367 per ounce the 5 Francs coin would be worth intrinsically $0.96475 American Currency or the same as 5 Francs in gold.

Exchange on France (or any other country) is quoted for payment in "currency" which is now everywhere paper, inconvertible for the moment into any metal.

INTRINSIC EQUIVALENTS AND COMMERCIAL RATES OF EXCHANGE

The equivalents given for GOLD STANDARD AND GOLD EXCHANGE STANDARD countries in Table of Monetary units refer to their intrinsic GOLD value (Par or Mint Par).

As to SILVER STANDARD countries the equivalents are given considering SILVER at 100 cents per OZ. fine. This equivalence is variable since the gold price of silver fluctuates. To facilitate calculation reference to the OUNCE is given in each instance. Knowing the price of silver, it is easy to find the intrinsic gold equivalent.

Inconvertible paper money, having no fixed value, can have no fixed equivalent. Present quotations are taken to give an approximate equivalent with American money. It is well to have in mind that CHILE quotes its currency in reference to BRITISH PENCE per PESO, and GUATEMALA, HAITI, and PARAGUAY in reference to their former gold unit.

When CHILEAN exchange is quoted at, say, 10 pence it means that exchange on London is sold at the rate of 10 pence per PESO, and consequently one British Pound is worth 24 Chilean pesos.

GUATEMALA, although having a monetary system based on SILVER and using inconvertible paper only calculates

its rates of exchange in reference to a fictitious GOLD unit which was taken as equivalent to $5.00 per £1. When rates on London are quoted, at say, 1500% it means that £1 is worth the former $5.00 PLUS 1500%, or $5.00 plus $75.00, or $80.00. When this rate is quoted on New York it means that $1.00 American money commands $15.00 premium, or $16.00 currency in all for $1.00 American gold.

HAITI quotes its rates in reference, also, to a GOLD GOURDE nominally equivalent to Frs. 5. When exchange on New York is quoted at 316%, it means that $1.00 American money is worth 1 Gourde PLUS 3.16 for premium or Gourdes 4.16 per $1.00 American. As soon as the new law is in operation exchange will be quoted probably on a premium of a percentage above the par which will be $0.25 American money to the Gourde.

PARAGUAY refers also to a GOLD PESO (the former Argentine gold Peso), and its rates are considered in the same way as in the three countries just mentioned.

Commercial rates of exchange differ from the PAR VALUE in proportion to expense and delay incurred by the transfer of money.

Such rates vary according to the normal movement of supply and demand, but fluctuations are confined within the intrinsic gold equivalence of the different moneys plus or minus transportation, delay, and incidental expenses for moving specie (gold points).

While it is impossible to determine a fixed commercial rate of exchange since this is subject to natural fluctua-

tion, high and low points can be mathematically determined for countries using a uniform standard—effective (gold standard) or guaranteed (gold exchange standard).

The Russian rouble is equivalent at par to $0.51456 American money; exchange rates fluctuate within the gold points with Russia which are $0.505 as "low" and $0.525 as "high."

When having to transfer money from Russia to the United States it should be possible to obtain not less than $0.505 American money per Rouble or $5050 for a draft of 10,000 Roubles. If less is offered it would be more advantageous to import the gold from Russia and mint it into American money. Ten thousand roubles are intrinsically equivalent to $5145.60 (each rouble containing 0.77423 gramme fine gold against 1.50464 grammes fine gold also contained in the American dollar), and this is $95.60 in excess of the $5050 mentioned. These $95.60 would safely cover expenses of transportation and delay. A draft would secure the money at once while importation of gold would require at least ten to twelve days for transportation.

When having to transfer money from the United States to Russia it should be possible to buy a draft at no more than $0.525 per rouble. If more was asked it would be better to export gold and mint it into Russian money. If $5250 in gold were exported they would be minted into 10202.75 roubles (the parity being 1.94338 roubles per American dollar). The 202.75 in excess of the 10,000 would cover expenses, including mint charges (slightly less

than ¼%). In this case there is no delay, the same time being needed to send a draft as to send the gold.

Almost all foreign banks buy gold coins of other countries very closely within their mint value, and the necessity of minting them is practically avoided.

In countries under the Silver Standard limits of fluctuations of exchange cannot be fixed as they depend on the gold price of the white metal which is variable. Fluctuation in countries using inconvertible paper currency is unlimited.

Tables on pages 86 to 93 show the limits of fluctuation in normal times which are subject to become closer to the par value by means of increasing transportation facilities which shorten distances and reduce expenses.

The figure mentioned are absolutely conservative and refer to exchange through currency and ordinary short-time commercial paper. Other instruments such as cable transfers, letters of credit, and international cheques command at times higher rates, due to the value of extra service rendered; and long-time and other accommodation paper are also at times quoted lower, in proportion to the extension of the credit feature involved.[3]

[3] Transfer of gold in bars or in coin is not in actual use because of Government restrictions so that gold points do not at present fix the limits of fluctuations in exchange. They are mentioned for reference only, not for any practical purpose. If gold is restored as basis of monetary systems and is allowed to move freely, the same practice as before the war will govern exchange rates.

INSTRUMENTS OF EXCHANGE

Monetary exchanges between countries are made by means of (1) Cable transfers, (2) Government notes and bank notes, (3) Specie (gold and silver coin and bullion), and (4) bills of exchange or drafts.

CABLE TRANSFERS are immediate transfers of money by cable. Being an extraordinary service, rates for cable transfers are usually above the "gold points."

GOVERNMENT NOTES AND BANK NOTES, of Governments or banks enjoying international credit, are used mostly to transfer money personally. Very seldom are they used by other than travelers. They are nothing more than demand drafts against the issuing concern, involving extraordinary risks in their transportation. They are usually undervalued in foreign countries because of these risks.

SPECIE, in the form of GOLD COINS, is also handled largely by travelers. It is exported and imported occasionally by banks and bankers as regular transfers of money, specially when urgent demands are made to fill the vaults of some institution in need of protecting its reserves. It is also used by exchange dealers to draw against or in the absence of other instruments of exchange to satisfy the demand for money in other countries. GOLD BULLION is imported and exported by bankers, and is

available for the same purposes as gold coins, there being only few days to lose in minting. This feature is taken into consideration and it has a slightly lower value than coined gold of full weight. SILVER BULLION AND COIN are commodities which are exported like any other, and are readily negotiable when not in excessive quantities threatening to upset the normal conditions of the market.

DRAFTS OR BILLS OF EXCHANGE are the most usual of all exchange instruments for the transfer of money between countries, and serve the most important function in international trade. They comprise:

International cheques,
Money orders,
Banks and bankers' cheques,
Sight and demand drafts,
Short time drafts,
Long time drafts,
Letters of credit.

INTERNATIONAL CHEQUES are issued by banks and bankers (and some express companies acting as such). They have fixed conversion rates into different moneys. They are drawn in fixed amounts and are very convenient for travelers, but little used in trade.

MONEY ORDERS are issued by post offices against similar offices in other countries and are used for the transfer of small amounts. The rates of exchange are fixed and invariable, not being subject to any fluctuation. Some bankers and express companies issue, also, money orders

at fixed rates, which are as sight drafts for small amounts. Ordinarily they are for not more than $100.

Cheques, Demand Drafts, and Sight Drafts are immediate payment orders, drawn by banks and bankers on their correspondents. Commercial drafts are usually drawn at short or long time; very seldom at sight.

Cheques and demand drafts differ from sight drafts in that the former have no days of grace for payment and must be paid on presentation or protested. Internal revenue tax (stamp duty) is imposed on all foreign drafts in almost every country, cheques and demand drafts as well as sight drafts being either exempted or subject to a lower tax.

Days of grace are a privilege to defer payment for one to five days granted on sight, and short or long time drafts.

Short time drafts include all drafts drawn to be paid from one up to eight days after sight. They are drawn by bankers and merchants against balances or shipments.

Long Time Drafts are drawn by banks, bankers, and exporting firms, usually at 60 or 90 days after sight, very seldom for a longer time except in special cases.

Drafts are Clean Bills when having no documents attached, and Documentary Bills when acceptable or payable only against delivery of shipping papers attached. The attachment of documents does not enhance the value of the draft in every case. The standing of the drawer is what counts in first instance, as documentary bills are not easily negotiable in the open market and they protect only while documents are attached. The acceptance of the

drawee adds usually to the value of the paper, especially when the acceptor is a bank, a banker, or merchant of good standing and reputation. Documentary bills are sold by shippers to bankers: they are negotiated between bankers sometimes, but merchants do not handle them except when acting temporarily as bankers. Bills of lading can not always be disposed of freely, nor are goods covered by same readily saleable unless in the hands of the ultimate consignees.

Financial bills are time drafts drawn against credit with or without guarantee. They constitute the most extensively used means of utilizing international credit and have served to develop immensely the production and trade of the world. Their use multiplies the amount of drafts drawn in a country, as they are covered at maturity by remittance and again used for the same purpose. They afford the most powerful and cheapest means of raising money without actual employment of gold. The public can not know the difference between an ordinary draft and a financial bill except when the authority to draw is mentioned on the draft itself, which is seldom done. But this is immaterial as the guarantee lies in the RESPONSIBILITY OF THE DRAWER and that of the acceptor once the bill has been accepted.[4]

[4] The war caused, as could be expected, a great curtailment of commercial credit, and consequently the use of confirmed and unconfirmed credits for payment at places of shipment has greatly substituted short and long term drafts against shipping papers.

American banks established abroad and foreign branches of banks

The laws of all countries give under certain conditions to holders of drafts recourse against the drawer and all endorsers regardless of whether they have or had documents attached for acceptance, except when indorsement has been signed "without recourse." But a bill impaired by this clause is not openly negotiable.

Sometimes "letters of hypothecation" are given to accompany bills of lading. This gives authority to dispose of the goods in case of non-acceptance or non-payment of draft if papers or goods are to be delivered only against such acceptance or payment. In the United States "trust receipts" are used to protect drafts drawn against shipments in certain cases, after shipping papers have been delivered. This form of security is seldom used elsewhere.

Rates for time drafts depend on various circumstances, besides the "gold points" and are fixed by the rating of the drawer, the demand and supply of the market for bills, need, facility of reselling, etc.

of the United States have developed the system of extending letters of credit on their parent institutions for payment of goods against shipping papers, or delivery on dock, in the United States, arranging with buyers abroad for refund on or after arrival.

The use of D/P (documents against payment) drafts has also been extended, granting buyers, in this form, time instead of credit and thus minimizing risks. This system would have been further developed had there been in all countries convenient storage facilities. The proper care and trouble of these transactions make them, of course, more expensive, although buyers pay for interest, commissions, storage, insurance and all other expenses.

Letters of Credit are the authority, given by a banker to draw on himself, or on his correspondent or correspondents, drafts at sight or at time. They are used very extensively in financing foreign trade, and facilitate the movement of commodities by affording reliable guarantees to shippers and extraordinary convenience to buyers. They are issued for a certain fixed amount to be utilized in one block or by fractions within a specified time, against payment in cash or a guarantee of payment when drafts are presented for acceptance or payment. Usually bankers charge a commission for this service, rates of exchange being fixed at the time of issue or as and when the drafts are presented for acceptance or payment.

Letters of credit are also issued for the individual convenience of travelers. The issuer authorizes the holder to draw on him through any of the correspondents mentioned in the letter in one or several places, or at option within a certain time. They are issued against cash or guarantee of payment on presentation of drafts.

Securities (bonds and stocks) are used, also, to some extent by bankers in transferring money. They are usually represented by drafts drawn against them. Sometimes, however, securities are sent without drafts and are handled directly between parties as a regular transfer of money which is obtained on the sale or transfer of the securities at destination.

EXCHANGE IN FOREIGN TRADE

Every shipment of goods is represented in one way or another by drafts. These are drawn either in the money of the shipping country, in that of the country of destination or in that of one of the international markets of exchange (London, Paris, Hamburg, Antwerp, New York, etc.).

Documentary bills (or drafts)—those to which shipping papers are attached—are protected by liability of the drawer and the goods represented until accepted or paid following the agreement between the parties.

Clean bills are protected by the liability of the drawer until accepted, and thereafter by him and the drawee.

The whole volume of the world's international trade is done through one of these two forms of "exchange." Commercial letters of credit are practically drafts to be forthcoming.

Shipments of goods may not need a draft to follow immediately. When dealing on what is called "open account" drafts are not drawn against shipments, but some draft or drafts will sooner or later be drawn to settle the account.

Drafts at sight or at time include or not, according to agreement between parties, interest, expenses of collection and exchange.

To fix rates for the negotiation of drafts, the time to run, the distance, and the mode of payment are considered.

Theoretically the "gold point" (the limit above and below par at which gold can be exported or imported) fixes the maximum and minimum points of fluctuation in exchange rates. But in practice there are other factors taken into account.

Not everybody can sell drafts, not even if against money in deposit or against a shipment of goods. A buyer of the draft is needed, and to secure same the seller must have a commercial standing. Any bank will take a draft for collection, but may not be willing to advance the money (buy it). The standing of the drawer, as well as that of the drawee, must be considered. When assuming extra risks buyers often pass gold point limits.

Then, there are many countries on which drafts are not easily negotiable, because there is no demand for exchange on them. As an investment ordinary rates may not satisfy and extra inducements are necessary. These extra inducements cause rates to pass gold point limits. While rates of exchange on countries with which the United States maintains active trade, to and from which there is frequent and easy communication, and where commercial paper is easily rediscounted, are close to the gold points, they are much beyond or below these points when dealing with places where the requirements of trade do not call for, nor is there, facility to dispose of bills.

Countries shipping raw materials to the United States usually draw against bills of lading, when not in advance,

there being infrequent need for direct exchange to pay for same. Bills on these countries are negotiated as investment, the money usually being tied up until remittance, after collection, is received.

Long time paper on London, Paris or Hamburg, or other money markets, whether documentary or clean bills, can, as a rule, be sold easily at convenient rates, there being a constant demand for it. While drafts on the Philippine Islands, South American and other countries, on which there is no demand for exchange, may be negotiated as investment (or loan) only. Gold points are not necessarily the factors for limiting fluctuation in this case. A large portion of the drafts on countries on which there is no demand for exchange, are drawn in Pounds, Marks, or Francs, payable in local currency at the collecting bank's selling rate for sight or time drafts on London, Paris or Hamburg. They are in fact drafts on these markets receivable in a future period.[5]

[5] Gold points do not exist at present but the reasons for discriminating against places other than money-markets persists. Furthermore, the negotiation of drafts, on many of these countries, as Australia, South Africa, and other British possessions where exchange was usually readjusted by London exchange has become more difficult. Drafts on Australia in Sterling meant in the end drafts on London for future delivery, as settlement was made in that way. Limits of London Exchange for futures were well known in the United States, and it was a matter of time but not an exchange risk. A 90 days' sight draft on Sydney required about 75 days' travel or in all 165 days' delay: it could be considered a draft for future delivery after 5½ months. But it was possible to know 5½ months in advance what the rate would be, or

Finally, the certainty of obtaining actual gold is a factor of immense importance. Theoretically the majority of countries are on a gold basis, that is, their different forms of money are convertible into gold on demand. But in practice gold is only obtainable when conditions of the markets are normal. England claims to be the only country where gold is obtainable always, and still by Act of Parliament the Bank of England has been authorized to suspend specie payments more than once. The Bank of France is permitted to redeem its notes with silver when so desired, and has taken advantage of this privilege more than once. Several European central banks also have raised obstacles in the way of redeeming their notes in gold at times.

Financial stress does not regularly prevail, but when it exists gold points become merely theoretical.[6]

All tables in this book refer to normal times when gold is readily obtainable.

From the United States drafts are drawn in dollars, pounds sterling, francs, marks, lire, and gulden, very seldom are any other gold standard or gold exchange

at least the minimum cost (gold point). At present no one can tell what exchange might be after 5½ months as there is no limit to fluctuations. Drawing in dollars would be the answer, but this protects the American exporter only, the foreign buyer is at a loss to know how much he may have to pay even in a near future, in his money for exchange on the United States and of course, the fear forces him to restrict his purchases to almost what he cannot help buying.

[6] This statement has been confirmed by actual experience since the outbreak of the war, and there is at present no other country except the United States where gold is freely available.

standard units used. Such drafts are payable, at sight or at time, usually 60 or 90 days after sight (or date) against shipping papers to be delivered upon acceptance or payment, in local currency at the collecting bank's selling rate for drafts. While London was the center of financial clearings a large portion of our drafts were drawn in pounds sterling payable at the local rate for bills on that market.

All drafts drawn in other than the money of the place of payment should stipulate "payable in local currency at the collecting bank's selling rate for (sight or time) drafts," according to agreement prevailing. Otherwise disputes may arise as to how such drafts are payable. There being no official rates, quotations of different banks may lead to confusion.[7]

When selling goods in dollars and drawing in pounds

[7] It has been a very undesirable practice to write on the face of some drafts on foreign countries the following words "to be presented on arrival of goods" or to instruct collecting banks to present drafts for acceptance (or payment) on such arrival. When agreeing to those terms with buyers, sellers probably did not realize that by deferring acceptance (or payment) until arrival of goods, they automatically changed the terms of sale from C. I. F. destination or F. O. B. port of shipment to F. O. B. port of destination, actually guaranteeing arrival.

In many cases, also, sellers agreed to allow buyers (or their agents) to examine goods before acceptance (or payment). This subordinated the acceptance (or payment) to the buyer's approval (or caprice).

Any drafts subject to conditions more or less uncertain are impaired and treated accordingly. Banks, as a rule, will accept them for collection only.

sterling or other foreign money it is customary to agree with the customer either on a fixed rate of conversion or on one to be fixed by the purchasing bank in the United States.

A draft on any place other than London, drawn in pounds sterling, payable 90 days after acceptance would be rated approximately as follows (considering time distance thirty days one way):

	If at sight rate	If at 90 days' rate
Exchange on London	$4.86	$4.80
Discount, 150 days (30 days to go, 90 to run, and 30 to return), at 6%	12½	12
	$4.73½	$4.68
Collection charges	.03½	.03
	$4.70	$4.65

(These figures refer to pre-war conditions.)
They are obsolete and are given only as examples.

The difference, between 90 day paper and sight drafts, is based on the prevailing rate of discount in London.

In this case the "dollars" would be converted into pounds at $4.70 if payable at the rate of London bills at sight, or $4.65 if payable at the rate of 90 day paper, the drawer receiving the full amount of his invoice against the draft. Interest and other charges would be borne by the drawee, who would pay them in paying more pounds sterling. For instance, a shipment for $4,700 converted at $4.70 would require a draft for £1,000 which the buyer

would pay in currency at the collecting bank's rate for sight drafts on London. But $4,700 is not £1,000; at par it is £965.15.6, and when paying £34.4.6 MORE, the customer is simply covering interest and collecting commission. Interest is about $117.50, the balance of $48.50 being the bank's profit. Of course when drafts are drawn "plus interest and other charges" no discount is made at this end.

The number of days charged for, when discounting a draft, is usually a trifle more than actually required. The reason for this is the uncertainty regarding the arrival of mails. Drafts acceptable only on arrival of goods which does not always occur simultaneously with the receipt of the correspondence can have no known time for returns. They are difficult to negotiate. No refund is made for fewer days transpired, but, usually a charge is made when allotted time has been exceeded.

Profits in exchange stimulate the business of buying drafts and afford the means of developing trade under the most convenient conditions. Shippers receive promptly the value of their invoices and buyers obtain time to pay for them. The nominal commission charged for collecting drafts, alone, would not induce the banks to enter into the transaction.

Commercial letters of credit are extensively used in connection with foreign trade, shippers being authorized to draw on American bankers or bankers in other countries, against shipping papers to be delivered, against payment or acceptance of bills. Buyers settle with their bankers for delivery of shipping papers at destination,

against payment or "trust receipts" for goods shipped, or other guarantee or without guarantee.

Rates of exchange affect trade, especially when dealing with large shipments of grain or other raw materials for which drafts are drawn in foreign money. The American exporter expects to receive American money for his shipment, and the better rate of conversion he can secure the better price he can make. In large transactions very small percentages are often decisive and may either secure orders or stand in their way.

Sometimes the difference in exchange is the only profit made in a large transaction, and while it may secure such profit only to the foreign customer yet the sale and export of the goods is made.

The rate of exchange is not so much a factor in the price of manufactured goods as it is in raw materials or semi-manufactured articles. Anyhow, better rates of conversion may slightly benefit the buyer and should not be disregarded.

London is still the largest, if not practically the only, open market for rediscount of drafts for all the world. Therefore, the rate of interest prevailing there influences the rates of exchange everywhere. When the rate in the open market is 4%, drafts on London obtain better prices here than when such rate is higher. A draft for £1,000 at 90 days' sight discounted at 4% (93 days considering the three days of grace which are always counted) obtains £989.16.2, while if the rate of discount is 6% it would only obtain £984.14.3. A bank in the United States, in

making its rates for purchase, would take into consideration the difference and would pay about $25 less for the £1,000 in the second case.[8]

This and "arbitrage" operating is followed more closely by exchange dealers and speculators than by exporters. But these must follow the domestic market for foreign exchange, as the greater efficiency is likely to assist and improve their business.

Bankers contract for exchange in advance and it is very convenient to secure a rate before quoting in foreign money for large shipments. As a rule, the most satisfactory results are obtained.

A quotation for coal to Brazil payable by a draft drawn to be settled with 90 day paper on London can be made a few cents less per ton if a better rate is secured. If a conversion rate of $4.70 per £1 for a shipload worth $47,000 is secured, a draft for £10,000 would have to be drawn. If only a rate of $4.65 can be obtained the draft would have to be made for £10,107.10.6. The difference of £107.10.6, slightly over 1%, saved in the first case would either lessen the cost to the buyer, or add to the profit of the shipper, but it might be just enough to secure the order.

Protecting the interest of foreign customers is a very

[8] The establishment of the Federal Reserve System, granting member banks the privilege of accepting drafts against actual transactions in domestic or foreign trade, and the facility of rediscounting such acceptances with the Federal Reserve Banks has created discount markets in the principal cities of the United States.

good policy as it tends to promote better relations and increased trade is the consequence. And it demands very little extra attention from the American exporter.

Quoting and selling goods in foreign countries in their money is being adopted as a further convenience to buyers. Financing shipments in this form is more attractive to banks and bankers in the United States, since it affords more profits to them. Therefore, there is a natural tendency to encourage it.

Exchange profits on drafts drawn in DOLLARS usually, if not always, accrue to foreign banks undertaking the collection. These will earn such profits on converting the DOLLARS into local currency at the time of collection, by charging the payee THEIR RATE for selling drafts. Their provision of funds abroad is made at lower rates when buying drafts on the market. The American bank discounting (advancing the money) a draft drawn in dollars on a foreign country, will only earn interest for the time its money is invested, and sometimes a nominal commission a part of which goes to the foreign collecting bank.

But when drafts are drawn in the currency of the place of payment the American bank will make a profit in exchange and the foreign bank undertaking the collection will earn a small commission for its services as well as exchange profit in converting proceeds into foreign money. Drafts drawn in other than dollars or the money of the place of payment afford exchange profits for both—the discounting (or purchasing) and the collecting bank.

It is to the interest of American business people to

retain the largest possible portion of exchange profits at home, drawing in other than dollars. But, of course, this can only be done after agreement with buyers.

Although foreign customers may obtain sometimes an advantage on converting into their currency, at the time of payment, drafts drawn on them in foreign money, they prefer as a rule to be safe and to contract in their money. There is no extra charge against them when exchange profits are retained in the United States. Nor do they benefit if these are left to the advantage of banks located in their cities. But it certainly is a convenience not to have an uncertain rate of exchange to consider when doing business.

Sales can not be made safely in foreign money, except with countries on a gold basis or with those using a currency so guaranteed as to run practically no risk.

Conversion of American money, in this case, is safely done by taking the "minimum" possible rate of exchange from the United States which is the "maximum" from the country to be considered.

There is no country at present under the gold standard or the gold exchange standard and gold is not available anywhere. When gold is restored, if it is restored one day, the same system would again govern foreign exchange.

Quoting and selling in foreign money is greatly handicapped because of the uncertainty of exchange rates at this time when the absence of gold points has left fluctuations unlimited. Artificial means put in operation to control or limit rates of exchange have succeeded only for

a time and to a certain extent. They could not be maintained indefinitely.

To sell (or to buy) goods in terms of foreign money, it is necessary at present to negotiate for the exchange beforehand, assuming the conversion of the foreign money into dollars or vice versa at a fixed rate.

Many banks in the United States offer this service at present, and it is a great help to both the foreign and the domestic merchant.

BUYING AND SELLING "FUTURES"

Buying and selling "futures" (exchange for future delivery) is done at present, although in a limited way.

Some people consider this a speculation because it is not based on any certain factors, but it is no more than a protection for both, buyers and sellers, covering an uncertainty so detrimental to commerce.

A manufacturer who buys raw material in advance protects himself against uncertain prices, and becomes able to sell for future delivery, covering his uncertain position. A merchant who buys merchandise in advance protects himself against uncertain prices also, and becomes able to sell, in turn, for future delivery, covering his uncertain position. An importer buying future exchange to protect himself against uncertain rates becomes able to sell his goods for future delivery, in terms of American money without any risk. An exporter who sells his future exchange protects his buyer who can know exactly what the goods will cost him in his money. In this way goods can be sold in terms of foreign money without any risk to the exporter and to the advantage of the foreign buyer.

The same can be done, and is done in foreign countries where buyers can secure from their banks foreign exchange for future delivery at fixed rates, covering themselves against fluctuations.

None of these can be considered as speculators. On the contrary, they would be helping to stabilize rates, and unconsciously assisting to restore normality to trade.

Europe is not bankrupt in spite of the heavy load its people have to carry for wastage of the War. So long as the land exists, that it can produce and that its people work, there will always be trade for all. If exchanges were stabilized, even if only within reasonable fluctuations, many of its industries would add to the production by the converting of raw material which must be purchased abroad. Time to recover is needed more than actual new foreign capital. Economic readjustment can not be made overnight, and if the people will work patiently and with confidence in their own future many years will not have to transpire before the world will be on its feet again, producing and consuming more than before the War.

The uncertainty of exchange rates is doing more harm than is apparent. It is discouraging trade and work, and is delaying the period of real recovery. Anything that may be done to prevent violent fluctuations will be of great assistance.

Buying and selling "futures" is a remedy, even if only temporary. By pushing ahead for a few months and stabilizing rates of exchange for that short period, much will be gained with loss to nobody. During each succeeding period of a few months Europe will recover a little more, and what may seem a temporary relief may be turned later into a permanent measure towards definite stability.

ARBITRAGE

Arbitrage is the simultaneous negotiation of exchange between three or more different money markets.

International trade and financial transactions cause movements in exchange which do not follow, as a rule, the same course in all markets at a given moment. These movements afford opportunity for earning profits in the transfer of money from some places to others. This is done by cable and by drafts, with the object of taking advantage of the differential rates in the various markets.

For instance, New York bankers will draw on London and cover by remittance on Berlin, ordering the transfer of funds from this city to London direct or through Paris, Antwerp, Amsterdam, or another market where exchange could be bought at a profit.

Fluctuations occur through rise and fall of interest rates in one or more of the money markets, used in these transactions. However, the profit arising from differential rates is reduced to such a small percentage that it is negligible to those not carrying on a very large business in this line.

One pound sterling is equivalent at par to $4.86656 American money, and to Francs 25.22154, and the Franc in New York is worth $0.19295, at par also. Fluctuation limits between England, France, and the United States

were very close to their "gold points"; but the supply of, and the demand for exchange, as well as the interest rates were not always the same in the three countries, and the same proportional rating was not always maintained.

If a New York banker sells a sight draft on London for £1,000 at $4.60 he will obtain $4,600, and if he invests this amount in Paris exchange at $0.16 per franc he will secure a draft for francs 28,750. Should he instruct his Paris correspondent to buy with this amount exchange on London and this is done at the rate of Fcs. 30 per pound sterling a remittance of £1,010.10.10 would be made to the London correspondent of the New York banker, closing the transaction with a profit of only £10.10.10 or $48.49. This profit is apparently very small, but as these transactions are done several times a day, and involve many hundreds of thousands of pounds, they become, in the end, a source of large profits to bankers engaged in this class of business.

The figures mentioned are set forth merely as an example, and do not refer to any given case. Usually margins of profit are very much smaller than the one quoted.

Arbitrage is transacted through cable transfers as well as through commercial and financial bills, or against reciprocal credits. In fact, in one sense it is frequently employed for the purpose of international "kiting" on a large scale, and is carried on as much for trade conveniences, as for credit operating and speculation.

Merchants and exporters very seldom depart from their own lines in this regard. When they wish to remit

to Paris they buy a draft on Paris, without looking for an advantage in exchange going via London or another market. And when they have a draft on London to sell they sell it outright in New York (or at their place of business) without seeking to make a profit by sending it to Hamburg or another place to convert into American money or to have a balance to draw against. When they do so they become temporarily bankers and assume the inherent risks.

Exporters who dispose of drafts and take their bank's rate without further investigation, and importers buying exchange at rates fixed by their bankers, afford abundant material for this business. The individual transactions of each are not worth, as a rule, any more trouble, but taken in the aggregate they represent huge amounts and provide for a good part of bankers' and exchange dealers' earnings in this line. Arbitrage profits are kept down by natural competition, they are perfectly legitimate, and are honestly earned. Against them the banks and bankers offer the inestimable service of credit extended to almost every merchant of good repute, when buying their drafts protected or not by shipping papers.

Securities are used to a certain extent in the arbitrage of exchange yielding profit not only on exchange rates but also in the matter of price as quoted in the different markets. But this would rather come under "stock arbitrage" than within money exchange transactions.

TABLE OF MONEYS IN ACTUAL USE

SILVER AT 100 CENTS OE. FINE. PAPER MONEY, APPROXIMATE VALUE. OTHERS AS IF GOLD

* Silver Standard. ** Paper Money.

NAME	COUNTRY	DIVISION	VALUE IN U. S. MONEY
Anna (s)	India	1/16 of Rupee	$0.02028
Balboa (s)	Panama	100 centesimos	1.00
Banu (i)	Rumania	1/100 of Leu	0.00193
Belion	Morocco	1/20 Rial	0.03612*
Besa (e)	Abyssinia	1/100 Talari	0.00754*
Besa (e)	Eritrea	1/100 Tallero	0.00723*
Bit	Virgin Islands	1/100 of Franc	0.00193
Bolivar (es)	Venezuela	100 centimos	0.19295
Boliviano (s)	Bolivia	100 centavos	0.38932
Cent (s)	Newfoundland	1/100 of Dollar	0.01014
Cent (s)	United States, Canada, Cuba, Hawaii, Porto Rico, British West Indies, British Guiana, British Honduras, Dominican Rep., Liberia	1/100 of Dollar	0.01
Cent (s)	Hongkong	1/100 of Dollar	0.00780*
Cent (s)	China (fen)	1/100 of Yuan	0.00777*
Cent (s)	Straits Settlements and Federated Malay States	1/100 of Dollar	0.00567
Cent (s)	Netherlands	1/100 of Guilder	0.00402
Cent (s)	Ceylon, British East Africa, Zanzibar, Somaliland (Italian)	1/100 of Rupee	0.00324

TABLE OF MONEYS IN ACTUAL USE—*Continued*

NAME	COUNTRY	DIVISION	VALUE IN U. S. MONEY
Centavo (s)	Portugal	1/100 of Escudo	$0.01080
Centavo (s)	Nicaragua and Cuba	1/100 of Cordoba 1/100 of	0.01
Centavo (s)	Philippines and Salvador	1/100 of Peso [Peso	0.00500
Centavo (s)	Mexico	1/100 of Peso	0.00498
Centavo (s)	Peru	1/100 of Sol	0.00487
Centavo (s)	Ecuador	1/100 of Sucre	0.00487
Centavo (s)	Argentina	1/100 of Peso (gold)	0.00965
Centavo (s)	Argentina	1/100 of Peso (paper)	0.00424
Centavo (s)	Honduras	1/100 of Peso	0.00723*
Centavo (s)	Bolivia	1/100 of Boliviano	0.00389
Centavo (s)	Chile	1/100 of Peso (paper)	0.00200**
Centavo (s)	Chile	1/100 of Peso (gold)	0.00365
Centavo (s)	Guatemala	1/100 of Peso (paper)	0.00040**
Centavo (s)	Colombia	1/100 of Peso	0.00973**
Centavo (s)	Paraguay	1/100 of Peso (paper)	0.00050**
Centesimo (s)	Uruguay	1/100 of Peso	0.01034
Centesimo (s)	Panama	1/100 of Balboa	0.01
Centesimo (i)	Italy	1/100 of Lira	0.00193
Centimo (s)	Costa Rica	1/100 of Colon	0.00465
Centimo (s)	Spain	1/100 of Peseta	0.00193
Centimo (s)	Venezuela	1/100 of Bolivar	0.00193
Centime (s)	France, Belgium, Monaco, and Switzerland	1/100 of Franc	0.00193

TABLE OF MONEYS IN ACTUAL USE—*Continued*

NAME	COUNTRY	DIVISION	VALUE IN U. S. MONEY
Centime (s)	Haiti	1/100 of Gourde	$0.00200**
Centime (s)	Indo-China	1/100 of Piastre	0.00781*
Colon	Salvador	100 centavos	0.50000
Colon (es)	Costa Rica	100 centimos	0.46536
Cordoba (s)	Nicaragua	100 Centavos	1.00
Dinar (a)	Serbia	100 Paras	0.19295
Dinar (s)	Persia	1/50 of Shahi	0.00133*
Dollar (s)	Newfoundland	100 cents	1.01387
Dollar (s)	United States, Hawaii, Porto Rico, Canada, British West Indies, British Guiana, British Honduras, Dominican Rep., Liberia	100 cents	1.00
Dollar (s)	Straits Settlements and Federated Malay States	100 cents	$0.56776
Dollar (s)	Hongkong	100 cents	0.77998*
Drachma (i)	Greece	100 Lepta	0.19295
Escudo (s)	Portugal	100 centavos	1.08056
Fen	China	1/100 of Yuan	0.00777
Filler	Hungary	1/100 of Korona	0.00203
Florin (s)	Netherlands	100 cents	0.40196
Franc (s)	France, Belgium, Monaco, and Switzerland	100 centimes	0.19295
Gourde	Haiti	100 centimes	0.20000**
Guilder (lden)	Netherlands	100 cents	0.40196
Heller	Austria	1/100 of Krone	0.00203
Heller	German East Africa	1/100 of Rupee	0.00317

TABLE OF MONEYS IN ACTUAL USE—*Continued*

NAME	COUNTRY	DIVISION	VALUE IN U. S. MONEY
Kopeck (s)	Russia	1/100 of Rouble	$0.00515
Korona	Hungary	100 Filler	0.20263
Kran (s)	Persia	20 Shahis	0.13325*
Krona (ur)	Sweden, Iceland	100 Ore	0.26799
Krone (er)	Denmark and Norway	100 Ore	0.26799
Krone (n)	Austria	100 Heller	0.20263
Lepton (pta)	Greece	1/100 of Drachma	0.00193
Leu (i)	Rumania	100 Bani	0.19295
Lev (a)	Bulgaria	100 Stotinki	0.19295
Libra (s)	Peru	10 Soles	4.86656
Lira	Egypt	1 Egyptian Pound	4.94307
Lira (e)	Italy	100 Centesimi	0.19295
Lira	Turkey	1 Turkish Pound	4.39642
Maria Theresa Thaler	Northeast Coast Africa	100 cents	0.74899*
Mark	Germany	100 Pfennige	0.23821
Markka (a)	Finland	100 Pennia	0.19295
Millieme	Egypt	1/10 Piastre	0.00494
Milreis	Brazil	1000 Reis (gold)	0.54615
Milreis	Brazil	1000 Reis (paper)	0.32444
Milreis	Portugal (old)	1000 Reis	1.08046
Ore	Denmark, Sweden and Norway	1/100 of Krone (a)	0.00268
Para	Serbia	1/100 of Dinar	0.00193

TABLE OF MONEYS IN ACTUAL USE—*Continued*

NAME	COUNTRY	DIVISION	VALUE IN U. S. MONEY
Para	Montenegro	1/100 of Perper	$0.00203
Para (s)	Egypt	1/4 of Millieme	0.00123
Para (s)	Turkey	1/40 of Piastre	0.00109
Penni (a)	Finland	1/100 of Markka	0.00193
Penny (ies)	United Kingdom, Australia, New Zealand, and majority of British Colonies	1/12 of Shilling	0.02028
Perper (a)	Montenegro	100 Para	0.20263
Peseta (s)	Spain	100 Centimos	0.19295
Peso (s)	Argentina (gold)	100 Centavos	0.96475
Peso (s)	Argentina (paper)	100 Centavos	0.42449
Peso (s)	Uruguay	100 Centesimos	1.03424
Peso (s)	Chile	100 Centavos (paper)	0.20 **
Peso (s)	Chile	100 Centavos (gold)	0.365
Peso (s)	Colombia	100 Centavos (gold)	0.97331
Peso (s)	Guatemala	100 Centavos (paper)	0.04 **
Peso (s)	Paraguay	100 Centavos (paper)	0.05 **
Peso (s)	Honduras	100 Centavos	0.72338*
Peso (s)	Mexico	100 Centavos	0.49846
Peso (s)	Philippines	100 Centavos	0.50
Peso (s)	Panama (old) Half-Balboa	100 Centavos	0.50
Peso	Cuba	100 Centavos	1.00
Pfennig (e)	Germany	1/100 of Mark	0.00238

TABLE OF MONEYS IN ACTUAL USE—*Continued*

NAME	COUNTRY	DIVISION	VALUE IN U. S. MONEY
Piastre (s)	Egypt	1/100 of Eg. Pound	$0.04943
Piastre (s)	Turkey	40 Paras	0.04396
Piastre (s)	Indo-China	100 Centimes	0.78125*
Pice (s)	India	1/4 Anna	0.00507
Pie (s)	India	1/3 Pice or 1/12 Anna	0.00169
Pound (Sterling)	United Kingdom, Australia, New Zealand, and other British Colonies	20 Shillings	4.86656
Pound (Egyptian)	Egypt	100 Piastres	4.94307
Pound (Turkish)	Turkey	100 Piastres	4.39642
Reis (Real)	Portugal	1/1000 of Milreis	0.00108
Reis (Real)	Brazil	1/1000 of Milreis (gold)	0.00054
Reis (Real)	Brazil	1/1000 of Milreis (paper)	0.00032
Rial	Morocco	20 Belions	0.72338*
Rin	Japan	1/10 of Sen	0.00049
Rouble	Russia	100 Kopecks	0.51456
Rupee (s)	Ceylon, British East Africa, Zanzibar, Italian Somaliland	100 cents	0.32444
Rupee (s)	India	16 Annas	0.32444
Rupee (s)	German East Africa	100 Heller	0.31761
Satang (s)	Siam	1/100 Tical	0.00371
Sen	Japan	1/100 Yen	0.00498
Shahi (s)	Persia	1/20 Kran	0.00666*

TABLE OF MONEYS IN ACTUAL USE—*Continued*

NAME	COUNTRY	DIVISION	VALUE IN U. S. MONEY
Shilling (s)	United Kingdom, etc	1/20 of Pound	$0.24333
Sol (es)	Peru	1/10 of Libra	0.48666
Stiver	Netherlands	5 Cents	0.02009
Stotinka (i)	Bulgaria	1/100 of Lev	0.00193
Sucre (s)	Ecuador	100 Centavos	0.48666
Talari	Abyssinia	100 Bese	0.75368*
Tallero (i)	Eritrea	100 Bese	0.72338*
Thaler (Maria Theresa)	Northeast Coast of Africa	100 Cents	0.74899*
Tical	Siam	100 Satang	0.37085
Yen	Japan	100 Sen	0.49846
Yuan	China	100 Cents	0.77710 *

NAMES OF SOME COINS, USED AT TIMES IN BUSINESS

Alexander	Bulgaria	20 Leva	$3.85900
Alfonsino	Spain	25 Pesetas	4.82375
Centen	Cuba	25 Pesetas	4.82375
Condor	Ecuador	10 Sucres	4.86656
Coroa	Portugal	10 Milreis	10.80460
Crown	United Kingdom	5 Shillings	1.21666
Ducat	Netherlands	5.70 Gulden	2.28267
Ducat	Austria	11.29 Kronen	2.28792
Eagle	United States	10 Dollars	10.
Farthing	United Kingdom	¼ Penny	0.00507
Florin	United Kingdom	2 Shillings	0.48666
Half-Crown	United Kingdom	2 Shillings and 6 Pence	0.60833
Imperial	Russia	15 Roubles	7.71839
Krone	Germany	10 Marks	2.38209
Louis	France	20 Francs	3.85900
Luis	Cuba	20 Francs	3.85900
Medjidie	Turkey	20 Piastres	0.86928
Napoleon	France	20 Francs	3.85900
Soldo (i)	Italy	5 Centesimi	0.00964
Sou (s)	France	5 Centimes	0.00964
Sovereign	United Kingdom	1 Pound Sterling	4.86656
Tcherek	Turkey	5 Piastres	0.21732

NAMES OF SOME QUANTITIES OF MONEY REFERRED TO IN TRADE

Conto	Portugal	1000 Escudos	$1080.46
Conto	Brazil	1000 Milreis (gold)	546.15
Conto	Brazil	1000 Milreis (paper)	324.44
Crore	India	100 Lacs (10,000,000 Rp.)	3,244,373.33
Guinea	United Kingdom	21 Shillings	5.11
Lac	India	100,000 Rupees	32,443.73

VALUE OF THE GRAMME OF GOLD

According to the intrinsic GOLD value of the UNITS in countries using the GOLD or the GOLD EXCHANGE Standards the GRAMME of GOLD (fine) is worth as follows:

GOLD STANDARD COUNTRIES:

Egypt	0.134453 of £E.	1 or £E.	0.13.4.^{453}
Great Britain	0.136567 of £	1 or £	0.2.8^{7761}
Peru	0.136567 of £p.	1 or £p.	0.1.36^{567}
Portugal	0.615116 of E.	1 or E.	0.61^{5116}
Uruguay	0.642611 of $	1 or $	0.64^{2611}
Newfoundland	0.655518 of $	1 or $	0.65^{5518}
United States, etc	0.664603 of $	1 or $	0.66^{4603}
Colombia	0.682838 of $	1 or $	0.68^{2838}
Russia	1.291606 of Rb.	1 or Rb.	1.29^{1606}
Salvador	1.329080 of C/	1 or ¢	1.32^{9082}
Japan	1.333333 of Y.	1 or Y.	1.33^{3333}
Ecuador	1.365676 of S/.	1 or S/.	1.36^{5676}
Costa Rica	1.428163 of C.	1 or C.	1.42^{8163}
Netherlands	1.653439 of G.	1 or G.	1.65^{3439}
Bolivia	1.707095 of B.	1 or B.	1.70^{7095}
Scandinavian States	2.479974 of K.	1 or Kr.	2.47^{9479}
Germany	2.790000 of M.	1 or M.	2.79
Austria-Hungary	3.279979 of K.	1 or Kr.	3.27^{9979}
Montenegro	3.279979 of P.	1 or P.	3.27^{9979}
Latin Union	3.444444 of Fr.	1 or Fr.	3.44^{4444}
Turkey	15.117158 P.	or P.	15.4^{686}

GOLD EXCHANGE STANDARD COUNTRIES:

Panama	0.664603 of B.	1 or B.	0.66^{4603}
Nicaragua	0.664603 of C/.	1 or C/.	0.66^{4603}
Straits Settlements	1.170576 of $	1 or $	1.17^{0576}
Philippines	1.329206 of P.	1 or P.	1.32^{9206}
Mexico	1.333333 of $	1 or $	1.33^{3333}
Argentina	1.565670 of $c/l	1 or $c/l	1.56^{5670}
Siam	1.792114 of T.	1 or T.	1.79^{2114}
India	2.048508 of Rp.	1 or Rp.	2.0.3
Ceylon	2.048508 of Rp.	1 or Rp.	2.04^{8508}
Brazil	2.048508 of	1$ or	2$048^{508}
British East Africa and Zanzibar	2.048508 of Rp.	1 or Rp.	2.04^{8508}
Italian Somaliland	2.048508 of Rp.	1 or Rp.	2.04^{8508}
German East Africa	2.092500 of Rp.	1 or Rp.	2.09^{2500}

COINING VALUE OF THE OUNCE OF GOLD 1000/000 FINE			PAR VALUE OF THE AMERICAN DOLLAR		
Gold Standard Countries			Gold Standard Countries		
Egypt	£E.	4.18.2^{030}	Egypt	£E.	0.20.2^{300}
Great Britain	£	4.4.11^{455}	Great Britain	£	0.4.1^{316}
Peru	£p.	4.2.47^{292}	Peru	£p.	0.2.05^{484}
Portugal	E.	19.12^{827}	Portugal	E.	0.92^{552}
Uruguay	$	19.98^{739}	Uruguay	$	0.96^{689}
Newfoundland	$	20.38^{904}	Newfoundland	$	0.98^{632}
United States	$	20.67^{183}	Colombia	$	1.02^{142}
Colombia	$	21.23^{646}	Russia	R.	1.94^{341}
Russia	R/	40.17^{385}	Salvador	C/	2.00
Salvador	C/	41.33^{971}	Japan	Y.	2.00^{619}
Japan	Y.	41.47^{133}	Ecuador	S/	2.05^{484}
Ecuador	S/	42.47^{292}	Costa Rica	C.	2.14^{887}
Costa Rica	C.	44.42^{108}	Netherlands	G.	2.48^{783}
Netherlands	G.	51.42^{848}	Bolivia	B.	2.56^{855}
Bolivia	B.	53.09^{724}	Scandinavia	K.	3.73^{148}
Scandinavia	K.	77.13^{652}	Germany	M.	4.19^{793}
Germany	M.	86.77^{875}	Austria-Hungary	K.	4.93^{519}
Austria-Hungary	K.	102.01^{941}	Montenegro	P.	4.93^{519}
Montenegro	P.	102.01^{941}	Latin Union	F.	5.18^{262}
Latin Union	F.	107.13^{424}	Turkey	P.	22.29^{835}
Turkey	P.	470.8^{161}			

Gold Exchange Standard Countries			Gold Exchange Standard Countries		
Panama	B.	20.67^{183}	Panama	$	1.
Nicaragua	C.	20.67^{183}	Nicaragua	$	1.
Straits Settlements	$	36.40^{929}	Straits Settlements	$	1.76^{130}
Philippines	P/	41.34^{366}	Philippines	P/	2.00
Mexico	$	41.47^{133}	Mexico	$	2.00^{619}
Argentina	$c/l	48.69^{738}	Argentina	$c/l	2.35^{576}
Siam	T.	55.74^{180}	Siam	T.	2.69^{651}
Brazil		63$715^{95}	Brazil		3$082^{260}
Ceylon	R/	63.71^{595}	Ceylon	R/	3.08^{226}
India	R/	63.11.2	India	R/	3.1.1
British East Africa, Zanzibar	R/	63.71^{595}	British East Africa, Zanzibar	R/	3.08^{226}
Italian Somaliland	R/	63.71^{595}	Italian Somaliland	R/	3.08^{226}
East Africa (ex-German)	R/	65.08^{406}	East Africa (ex-German)	R/	3.14^{851}

COINING VALUE OF THE OUNCE OF SILVER 1000/000 FINE IN SILVER STANDARD COUNTRIES

China (Yuan)	Y.	1.28^{684}	
French Indo-China	P.	1.28^{002}	
Hongkong	$	1.28^{210}	
Abyssinia	T.	1.32^{683}	
Honduras	$	1.38^{239}	
Morocco	R.	1.38^{239}	
Italian Eritrea	T.	1.38^{239}	
Afghanistan	R/	2.90^{912}	(R. 2.14.2)
Persia	K/	7.50^{530}	(K. 7.10.5)

TIME DISTANCES

(From New York)

Time usually considered in the purchase of sight drafts, as necessary to receive remittance. For time drafts add days to run. When dealing with drafts acceptable after arrival of goods more time is considered. Time distance is not considered on drafts drawn payable at certain time after date.

SOUTH AMERICA

Argentina:	Days
Buenos Aires	60
Bahia Blanca	63
Cordoba	66
Mendoza	66
Rosario	63
Santa Fe	66
Santiago del Estero	66
Bolivia:	
Cochabamba	80
La Paz	75
Oruro	80
Potosi	80
Sucre	80
Brazil:	
Bahia	45
Manaos	45
Brazil—Cont'd	Days
Para	36
Pernambuco	36
Rio de Janeiro	48
Sao Paulo	60
Chile:	
Antofagasta	66
Arica	60
Caldera	72
Coquimbo	72
Iquique	60
Santiago	66
Valdivia	75
Valparaiso	66
Colombia:	
Barranquilla	30
Bogota	66

Columbia—Cont'd	Days
Buenaventura	36
Cali	45
Cartagena	30
Manizales	48
Medellin	45
Popayan	48
Santa Marta	30
Tumaco	36
Ecuador:	
Bahia	48
Cuenca	48
Esmeraldas	54
Guayaquil	40
Manta	48
Riobamba	48
Quito	48
Paraguay:	
Asuncion	66

Peru:	Days
Arequipa	60
Callao	48
Lima	48
Mollendo	54
Paita	36
Trujillo	48
Uruguay:	
Montevideo	60
Paysandu	66
Venezuela:	
Caracas	21
Ciudad Bolivar	30
La Guaira	18
Maracaibo	30
Puerto Cabello	30

CENTRAL AMERICA

Costa Rica:	Days
Puerto Limon	18
Puntarenas	30
San Jose	24
Guatemala:	
Champerico	27
Guatemala	18
Livingston	21
Ocos	30
Puerto Barrios	15
Quezaltenango	24
San Jose	24
Honduras:	
Amapala	36
Pedro Sula	24
Puerto Cortes	18
Tegucigalpa	45

	Days
Nicaragua:	
Bluefields	18
Corinto	30
Granada	36
Greytown	21
Leon	36
Managua	36
Panama:	
Colon	18
Panama	21
Salvador:	
Acajutla	45
Santa Ana	54
San Salvador	48
Santa Tecla	54

NORTH AMERICA

Canada:	Days
Montreal	6
Ottawa	6
Quebec	6
Toronto	6
Vancouver	18
Victoria	18
Winnipeg	12
Newfoundland:	
St. John	15

Mexico:	Days
Guaymas	18
Mexico City	18
Monterey	18
Progreso	24
Puebla	24
Tampico	18
Veracruz	21

WEST INDIES

Bahamas:	Days
Nassau	15
Barbados:	
Bridgetown	24
Bermuda:	
Hamilton	8
British Guiana:	
Georgetown	30
British Honduras:	
Belize	18
Cuba:	
Cardenas	18
Cienfuegos	18
Havana	12
Matanzas	18
Sagua la Grande	18
Santiago	15
Curacoa:	
Wilhemstad	24
Dominica:	
Roseau	24

Dominican Republic:	Days
Azua	24
Barahona	24
Montecristi	24
Puerto Plata	18
Samana	21
Sanchez	21
Santo Domingo	18
Dutch Guiana:	
Paramaribo	30
French Guiana:	
Cayenne	36
Grenada:	
St. George	24
Guadeloupe:	
Basse-Terre	24
Haiti:	
Cape Haitien	18
Gonaives	18
Jacmal	18
Jeremie	18
Miragoane	21

Haiti—Cont'd	Days
Petit Goave	18
Port au Prince	18
Port de Paix	18
Jamaica:	
Kingston	18
Martinique:	
Fort de France	24
Porto Rico:	
Aguadilla	21
Arecibo	21
Mayaguez	21
Ponce	18
San Juan	15
St. Lucia:	
Castries	24
Virgin Islands:	
St. Thomas	18
Trinidad:	
Port of Spain	21

ASIA

Arabia:	Days
Aden	45
Jeddah	45
Mascat	45
Ceylon:	
Colombo	54
China:	
Canton	66
Hongkong	60
Peking	66
Shanghai	60
Dutch East Indies:	
Batavia	75
Samarang	81
Soerabaya	81
India (British):	
Bombay	54
Calcutta	60
Karachi	54
Madras	54
Rangoon	66
Indo-China:	
Haiphong	75
Hue	75
Saigon	75
Tonkin	75
Japan:	
Kobe	60
Nagasaki	60
Osaka	60
Tokyo	54
Yokohama	54
Persia:	
Bunder-Abbas	75
Bushire	75
Teheran	90
Philippines:	
Manila	66
Ilo Ilo	75
Siam:	
Bangkok	81
Siberia:	
Vladivostock	60

Straits Settlements:	Days
Penang	75
Selangor	81
Singapore	66

Turkey:	Days
Bagdad	60
Smyrna	54
Jaffa	54

OCEANIA

Australia:	Days
Adelaide	66
Brisbane	66
Fremantle	75
Hobart	80
Melbourne	66
Perth	80
Sydney	66

Hawaii:	Days
Honolulu	50
New Zealand:	
Auckland	54
Wellington	54

EUROPE

Austria:	Days
Vienna	24
Belgium:	
Antwerp	24
Brussels	24
Bulgaria:	
Sofia	60
Varna	60
Checzo-Slovakia:	
Prague	24
Denmark:	
Copenhagen	30
Finland:	
Abo	30
Helsingfors	30
France:	
Bordeaux	24
Havre	24
Cherbourg	18
Lyon	24
Marseille	30
Paris	20
Tours	30
Germany:	
Berlin	24
Bremen	20
Dresden	24
Hamburg	20
Munich	24
Nuremberg	24
Stuttgart	24
Greece:	
Athens	36
Canea (Crete)	40
Hungary:	
Budapest	24
Italy:	
Brindisi	24
Florence	24
Genoa	24
Milan	24
Naples	24

Italy—Cont'd	Days
Rome	24
Trieste	24
Turin	24
Jugo-Slavia:	
Fiume	24
Belgrade	60
Malta:	
Valetta	30
Netherlands:	
Amsterdam	24
Hague	24
Rotterdam	24
Norway:	
Bergen	24
Christiania	24
Stavanger	24
Poland:	
Warsaw	36
Portugal:	
Lisbon	30
Oporto	30
Rumania:	
Bucharest	60
Bourgas	60
Galatz	60
Constance	60
Russia:	
Moscow	30
Riga	30
Petrograd	30

Spain:	Days
Barcelona	30
Cadiz	30
Granada	30
Madrid	30
Malaga	33
Santander	30
Sweden:	
Gottenburg	30
Malmo	30
Stockholm	30
Switzerland:	
Basel	24
Bern	24
Geneva	24
Interlaken	30
Lucerne	24
Zurich	24
Turkey:	
Constantinople	36
Ukraine:	
Odessa	36
United Kingdom:	
Belfast	20
Birmingham	18
Cork	18
Dublin	18
Edinburgh	20
Glasgow	20
Leeds	20
Liverpool	18
London	20
Manchester	18
Southampton	18

AFRICA

	Days
Algeria:	
Algiers	30
Angola:	
Loanda	75
Belgian Kongo:	
Boma	60
British East Africa:	
Mombasa	60
Egypt:	
Alexandria	36
Cairo	36
Khartum	48
Port Sudan	42
Suez	33
French West Africa:	
Bassam	72
Senegal	54
French Somali:	
Djibouti	72
Gambia.	
Bathurst	54
East Africa (formerly German).	
Dar-Es-Saluam	72
Gold Coast:	
Akkra	54
Kamerun:	
Victoria	75
Liberia:	
Monrovia	72
Madagascar:	Days
Tamatave	66
Tananarivo	66
Mauritius:	
Port Louis	120
Morocco:	
Casablanca	36
Fez	30
Tangier	24
Nigeria:	
Lagos	60
Old Calabar	60
Portuguese East Africa:	
Lourenco Marques	72
Mozambique	80
Seychelles:	
Mahe	60
Sierra Leone:	
Freetown	54
Southwest Africa:	
Luderitzbucht	72
Swakopmund	72
Union of South Africa:	
Bloemfontein	66
Cape Town	60
Durban	66
Johannesburg	66
Port Elizabeth	66
Pretoria	66
Zanzibar Prot.:	
Zanzibar	72

MONETARY UNITS

Table Showing their Composition, Weight and Fineness with Intrinsic Equivalents in and of United States Money

GOLD STANDARD

COUNTRIES	UNIT	WEIGHT (GRAMMES)	FINENESS	GRAMMES FINE GOLD	VALUE IN U. S. MONEY	VALUE OF $1 U. S. MONEY
United States	Dollar	1.67182	.900	1.50464	$1.00	$ 1.00
Austria	Krone	0.33875	.900	0.30488	0.20^{263}	Kr. 4.93^{519}
Belgium	Franc	0.32258	.900	0.29032	0.19^{295}	Fr. 5.18^{262}
Bolivia [1]	Boliviano	0.63904	$.916^{66}$	0.58579	0.38^{932}	Bol. 2.56^{855}
British West Indies	Dollar	1.67182	.900	1.50464	1.00	$ 1.00
British Honduras	Dollar	1.67182	.900	1.50464	1.00	$ 1.00
British Colonies [2]	Pound Stg.	7.98805	$.916^{66}$	7.32238	4.86^{656}	£ $0.4.1^{316}$
Bulgaria	Lev	0.32258	.900	0.29032	0.19^{295}	L. 5.18^{262}
Canada	Peso	1.67182	.900	1.50464	1.00	$ 1.00
Colombia	Peso	1.59761	$.916^{66}$	1.46448	0.97^{331}	$ 1.02^{742}
Costa Rica	Colon	0.77801	.900	0.70020	0.46^{536}	Col. 2.14^{887}
Cuba	Peso	1.67182	.900	1.50464	1.00	$ 1.00
Denmark	Krone	0.44803	.900	0.40323	0.26^{799}	Kr. 3.73^{148}
Dominican Republic	Am. Dollar	1.67182	.900	1.50464	1.00	$ 1.00
Ecuador	Sucre	0.81360	.900	0.73224	0.48^{666}	S/. 2.05^{484}

Egyptian Pound is divided into 100 Piastres of 10 Ochr-el-guerch, or milliemes. British Pound is divided into 20 Shillings of 12 Pence. Turkish Piastre is divided into 40 Paras. Peruvian Pound is divided into 10 Soles of 100 Centavos. All other units are divided into hundredths.

[1] No gold coined yet. [2] Not otherwise specified.

GOLD STANDARD—*Continued*

COUNTRIES	UNIT	WEIGHT (GRAMMMES)	FINENESS	GRAMMES FINE GOLD	VALUE IN U. S. MONEY	VALUE OF $1 U. S. MONEY
Egypt	Eg. Pound	8.50000	.875	7.43750	4.94[307]	£E. 0.20.2[300]
Finland	Markka	0.32258	.900	0.29032	0.19[295]	Mka. 5.18[262]
France	Franc	0.32258	.900	0.29032	0.19[295]	Fr. 5.18[262]
Germany	Mark	0.39825	.900	0.35842	0.23[821]	Mk. 4.19[793]
Great Britain	Pound Stg.	7.98805	.916[66]	7.32238	4.86[656]	£ 0.4.1[316]
Greece	Drachma	0.32258	.900	0.29032	0.19[295]	Dr. 5.18[262]
Hawaii	Am. Dollar	1.67182	.900	1.50464	1.00	$ 1.00
Hungary	Korona	0.33875	.900	0.30488	0.20[263]	Kr. 4.93[519]
Italy	Lira	0.32258	.900	0.29032	0.19[295]	Lir. 5.18[262]
Japan	Yen	0.83333	.900	0.75000	0.49[846]	Yen 2.00[619]
Java [3]	Guilder	0.67200	.900	0.60480	0.40[196]	Gld. 2.48[783]
Korea	Yen	0.83333	.900	0.75000	0.49[846]	Yen 2.00[619]
Liberia [4]	Am. Dollar	1.67182	.900	1.50464	1.00	$ 1.00
Montenegro	Perpera	0.33875	.900	0.30488	0.20[263]	Per 4.93[519]
Netherlands	Guilder	0.67200	.900	0.60480	0.40[196]	Gld. 2.48[783]
Newfoundland	Dollar	1.66420	.916[66]	1.52551	1.01[387]	$ 0.98[632]
Norway	Krone	0.44803	.900	0.40323	0.26[799]	Kr. 3.73[148]
Peru	Pvn. Pound	7.98805	.916[66]	7.32238	4.86[656]	£p. 0.2.05[484]
Porto Rico	Am. Dollar	1.67182	.900	1.50464	1.00	$ 1.00
Portugal [5]	Escudo	1.80650	.900	1.62585	1.08[056]	E. 0.92[644]
Rumania	Leu	0.32258	.900	0.29032	0.19[295]	Lei. 5.18[262]

[3] And other Dutch colonies.

[4] No Liberian gold coined.

[5] Circulating medium is paper.

GOLD STANDARD—*Continued*

COUNTRIES	UNIT	WEIGHT (GRAMMES)	FINENESS	GRAMMES FINE GOLD	VALUE IN U. S. MONEY	VALUE OF $1 U. S. MONEY
Russia	Rouble	0.86025	.900	0.77423	0.51^{456}	Rbl. 1.94^{333}
Salvador	Colon	0.83600	900	0.75240	0.50	C/ 2.00
Serbia	Dinar	0.32258	.900	0.29032	0.19^{295}	Din. 5.18^{262}
Spain	Peseta	0.32258	.900	0.29032	0.19^{295}	Pes. 5.18^{262}
Sweden	Krona	0.44803	.900	0.40323	0.26^{799}	Kr. 3.73^{148}
Switzerland	Franc	0.32258	.900	0.29032	0.19^{295}	Fr. 5.18^{262}
Turkey	Piastre	0.07216	.916^{66}	0.06615	0.04^{396}	P. 22.29^{839}
Uruguay	Peso	1.69700	.917	1.55615	1.03^{424}	$ 0.96^{089}
Venezuela	Bolivar	0.32258	.900	0.29032	0.19^{295}	Bol. 5.18^{262}

COUNTRIES	UNIT	CIRCULATION	WEIGHT (GRAMMES)	FINENESS	VALUE IN U. S. MONEY	VALUE OF $1 U. S. MONEY	
Argentina [1]	Peso	Paper	.....	.....	0.42^{449}	$c/l	2.35^{576}
Brazil [2]	Milreis	Paper	.....	.....	0.32^{444}		$3$082^{266}$
British East Africa	Rupee	Silver	11.664	$.916^{66}$	0.32^{444}	Rp.	3.08^{226}
Ceylon	Rupee	Silver	11.664	$.916^{66}$	0.32^{444}	Rp.	3.08^{226}
East Africa (Ex German)	Rupee	Silver	11.664	$.916^{66}$	0.31^{761}	Rp.	3.14^{851}
India	Rupee	Silver	11.664	$.916^{66}$	0.32^{444}	Rp.	3.1.4
Italian Somaliland	Rupee	Silver	11.664	$.916^{66}$	0.32^{444}	Rp.	3.08^{226}
Malay Federated States	Dollar	Silver	20.217	.900	0.56^{776}	$	1.76^{130}
Mexico	Peso	Gold	0.833	.900	0.49^{846}	$	2.00^{619}
	Peso	Silver	18.125	.800	0.49^{846}	$	2.00^{619}
Nicaragua	Cordoba	Silver	25.000	.900	1.	C.	1.00
Panama [3]	Balboa	Gold	1.672	.900	1.00	B.	1.00
	Peso	Silver	25.000	.900	0.50	P.	2.00
Philippines	Peso	Silver	20.000	.800	0.50	P.	2.00

Brazilian Milreis is divided into 1000 Reis. Indian Rupee is divided into 16 Annas of 12 Pies. All other units are divided into hundredths.

[1] Gold Peso weighed 1.61294 grammes .900 fine, the value of which in U. S. currency is $0.96475. American dollar = $1.03650 Argentine gold. Legal currency or "Curso legal" is the paper Peso guaranteed by the Government at 44% of its face value. [2] Gold Milreis weighed 0.89645 grammes .916 fine, value of which is $0.54615 American gold. One dollar American money would be $1.831 Brazilian gold. Present currency is Government notes. [3] No Panamanian gold coined. Currency is composed of Silver Pesos or Half-Balboas (the guaranteed value of which is $0.50 U. S. currency) and American gold coins.

GOLD EXCHANGE STANDARD—*Continued*

COUNTRIES	UNIT	CIRCULATION	WEIGHT (GRAMMES)	FINENESS	VALUE IN U. S. MONEY	VALUE OF $1 U. S. MONEY
Siam [4]	Tical	Silver	25.000	.900	0.37085	Tic. 2.69651
	Tical	Gold	0.620	.900	0.37085	Tic. 2.69651
Straits Settlements	Dollar	Silver	20.217	.900	0.56776	$ 1.76130
Zanzibar	Rupee	Silver	11.664	.91666	0.32444	R. 3.08226

[4] No gold coined yet.

SILVER STANDARD

COUNTRIES	UNIT	WEIGHT (GRMS.)	FINENESS	FINE SILVER (GRMS.)	% OF OUNCE	VALUE IN U. S. MONEY AT 100 CTS. PER OZ.	VALUE OF $1 U. S. MONEY
Abyssinia.....	M. T. Thaler	28.000	0.832	23.29600	0.748990	$0.74^{899}	T. 1.33^{517}
Abyssinia.....	Talari.....	28.075	0.835	23.44263	0.753685	0.75^{268}	T. 1.32^{683}
Afghanistan.....	Rupee.....	11.664	0.916	10.69192	0.343747	0.34^{375}	Rp. 2.14.6
China	Yuan	26.856	0.900	24.17105	0.777104	0.77^{710}	Y. 1.28^{684}
Eritrea.....	Tallero.....	25.000	0.900	22.50000	0.723379	0.72^{338}	T. 1.38^{239}
French Indo-China..	Piastre.....	27.000	0.900	24.30000	0.781250	0.78^{125}	Pias. 1.28^{002}
Honduras, ...	Peso.....	25.000	0.900	22.50000	0.723379	0.72^{338}	$ 1.38^{239}
Hongkong.....	Dollar.....	26.956	0.900	24.26040	0.779976	0.77^{998}	$ 1.28^{260}
Morocco.....	Rial.....	25.000	0.900	22.50000	0.723379	0.72^{338}	P. 1.38^{239}
Persia.....	Kran.....	4.605	0.900	4.14450	0.133246	0.13^{325}	Kr. 7.10.5

Rupee is divided into 16 Annas of 12 Pies. Persian Kran is divided into 20 Shahis of 50 Dinars. Moroccan Rial is divided into 20 Belions. All other units are divided into hundredths.

There are besides, sixteen different classes of Taels. At present, the Government is trying to secure the adoption of a uniform currency for the entire country.

The value given is the intrinsic "gold" value of the unit. Exchange rates in Honduras have been artificially fixed at 2 pesos per dollar (or 50 cents American Currency per peso). Exportation of silver is prohibited.

Silver is considered at the price of $1 the ounce in American Currency theoretically "gold." Actual gold is not obtainable anywhere in exchange for other forms of currency.

INCONVERTIBLE PAPER

COUNTRIES	UNIT	FORMER BASIS	WEIGHT (GRAMMES)	FINENESS	VALUE IN U. S. MONEY	VALUE OF $1 U. S. MONEY
Chile	Peso	Gold	0.5991	.916⅔	about $0.20	about $ 5.00
Guatemala	Peso	Silver	25.0000	.900	about $0.04	about $25.00
Haiti	Gourde	Gold	1.6129	.900	about $0.20	about G.5.00
Paraguay	Peso	Gold	1.6129	.900	about $0.05	about $20.00

All units are divided into hundredths.

Haiti has recently passed a law adopting a new standard at the basis of 0.418 grammes gold .900 fine per Gourde equivalent to $0.25 American gold.

For list of Colonies see page 101.

COMMERCIAL RATES OF EXCHANGE

Before the War, when gold was the arbitrator of exchanges, Commercial rates were limited in their fluctuations by the "gold points" exception made only of credit risks and long time investments as explained on page 47. The following tables refer to that time.

At present there is no limit to fluctuations in such rates, supply and demand governing the market.

The United States has accumulated during the War huge credits against Europe, the interest and principal of which, as they become due, will increase their natural debit balance of trade. This balance was usually in favor of this country and it is likely to become larger because of the present inability of Europe to create large enough credits in its favor abroad by exports of its products.

The movement on foot, to interest the people in investments in foreign countries tends to artificially increase the demand for exchange by creating credit in the United States in favor of those countries.

This will naturally affect exchange rates favorably to those countries and will help them to purchase the American products they need. But it can not stabilize rates of exchange nor assure anything for the future. Every successive year credits will become due in principal and interest again and it will be a permanent struggle to fill the yearly gap in order to maintain whatever may be considered as "reasonable" rates of exchange. The remedy is only temporary and for a very indefinite time.

The tables of maximum and minimum rates appearing in the following tables are therefore obsolete. They are published more as a matter of record.

COMMERCIAL RATES OF EXCHANGE

Maximum and Minimum Rates for Exchange on Foreign Countries in the United States

Gold Standard [12]

COUNTRIES	UNITS	PAR VALUE IN U. S. CURRENCY	MINIMUM	MAXIMUM
Austria	Krone	0.20^{263}	$0.20	0.20^{5}
Belgium	Franc	0.19^{295}	0.19	0.19^{40}
Bolivia	Boliviano	0.38^{932}	0.37	0.39^{50}
British Honduras	Dollar	1.00	0.98	1.02
British West Indies	Dollar	1.00	0.98	1.02
British West Indies	Pound	4.86^{656}	4.84	4.88
British Colonies: [1]				
Australia	Pound	4.86^{656}	4.80	4.91
Africa	Pound	4.86^{656}	4.80	4.91
America	Pound	4.86^{656}	4.84	4.88
Bulgaria	Lev	0.19^{295}	0.18	0.20
Canada	Dollar	1.00	0.99^{50}	1.00^{50}
Colombia	Peso	0.97^{331}	0.95	0.99
Costa Rica	Colon	0.46^{536}	0.45^{50}	0.47^{50}
Cuba	Peso	1.00	0.99	1.01
Denmark	Krone	0.26^{799}	0.26	0.27^{50}
Ecuador	Sucre	0.48^{665}	0.46	0.50
Egypt	Egyptian Pound	4.94^{307}	4.85	5.03
Finland	Markka	0.19^{295}	0.18^{50}	0.19^{80}
France	Franc	0.19^{295}	0.19	0.19^{40}
French Colonies: [2]				
Africa	Franc	0.19^{295}	0.18^{50}	0.20^{50}
America [3]	Franc	0.19^{295}	0.15	0.18
Germany	Mark	0.23^{821}	0.23^{50}	0.24^{10}
Great Britain	Pound Sterling	4.86^{656}	4.82	4.90^{65}
Greece	Drachma	0.19^{295}	0.18^{50}	0.19^{60}
Hawaii	Dollar	1.00	0.97	1.03
Hungary	Korona	0.20^{263}	0.20	0.20^{50}

COMMERCIAL RATES OF EXCHANGE

Maximum and Minimum Rates for Exchange on the United States in Foreign Countries

Gold Standard,[12]

COUNTRIES	UNITS	PAR VALUE OF $1 U. S. CURRENCY	MINIMUM	MAXIMUM
Austria	Kronen	4.93[519]	Kr. 4.90	Kr. 5.00
Belgium	Francs	5.18[262]	Fr. 5.15	Fr. 5.25
Bolivia	Bolivianos	2.56[355]	B. 2.50	B. 2.64
British Honduras	Dollars	1.00	$ 0.98	$ 1.02
British West Indies	Dollars	1.00	$ 0.98	$ 1.0
British West Indies	Pence	.49[316]	Pence .49	Pence .49[75]
British Colonies: [1]				
Australia	Pence	.49[316]	Pence .48[50]	Pence .50
Africa	Pence	.49[316]	Pence .48[25]	Pence .49[75]
America	Pence	.49[316]	Pence .48[75]	Pence .49[90]
Bulgaria	Leva	5.18[262]	Fr. 5.14	Fr. 5.26
Canada	Dollars	1.00	$ 0.99[50]	$ 1.00[50]
Colombia	Peso	1.02[742]	1.01	1.05
Costa Rica	Colones	2.14[887]	c. 2.13	c. 2.18
Cuba	Peso	1.00	$ 0.99	$ 1.01
Denmark	Kroner	3.73[148]	Kr. 3.70	Kr. 3.76
Ecuador	Sucres	2.05[484]	S/ 2.03	S/ 2.11
Egypt	Piastras	20.2[303]	Pias 19.5	Pias 21.0
Finland	Markka	5.18[262]	Mka. 5.15	Mka. 5.26
France	Francs	5.18[262]	Frs. 5.15	Frs. 5.25
French Colonies: [2]				
Africa	Francs	5.18[262]	Frs. 5.14	Frs. 5.26
America [3]	Francs	5.18[262]	Frs. 5.20	Frs. 6.66
Germany	Mark	4.19[793]	Mks. 4.14	Mks. 4.26
Great Britain	Pence	.49[316]	Pence .48[80]	Pence .49[80]
Greece	Drachmas	5.18[262]	Dr. 5.14	Dr. 5.26
Hawaii	Dollars	1.00	$ 0.98	$ 1.02
Hungary	Korona	4.93[519]	Kr. 4.90	Kr. 5.00

GOLD STANDARD—*Continued*

COUNTRIES	UNITS	PAR VALUE IN U. S. CURRENCY	MINIMUM	MAXIMUM
Italy	Lira	0.19^{295}	0.19	0.19^{40}
Japan	Yen	0.49^{846}	0.48^{50}	0.50^{25}
Java	Guilder	0.40^{196}	0.39	0.41
Korea	Yen	0.49^{846}	0.48	0.51
Liberia [5]	Dollar	1.00	0.95	1.05
Montenegro	Perper	0.20^{263}	0.20	0.20^{50}
Netherlands	Guilder	0.40^{196}	0.39^{50}	0.40^{50}
Newfoundland	Dollar	1.01^{387}	1.00^{50}	1.02
Norway	Krone	0.26^{799}	0.26	0.27^{50}
Peru	Libra	4.86^{656}	4.80	5.00
Porto Rico	Dollar	1.00	0.98	1.02
Portugal	Escudo	1.08^{056}	0.94	1.04
Rumania	Leu	0.19^{295}	0.18	0.20
Russia	Rouble	0.51^{456}	0.50^{50}	0.52^{50}
Salvador	Colon	0.50	0.49	0.51
Santo Domingo	Dollar	1.00	0.99	1.01
Serbia	Dinar	0.19^{295}	0.18	0.20
Spain	Peseta	0.19^{295}	0.18^{50}	0.19^{50}
Sweden	Krona	0.26^{799}	0.26	0.27^{50}
Switzerland	Franc	0.19^{295}	0.19	0.19^{40}
Turkey	Piastre	0.04^{396}	0.04	0.04^{50}
Uruguay	Peso	1.03^{424}	1.00	1.05
Venezuela	Bolivar	0.19^{295}	0.18^{50}	0.19^{75}

The Egyptian Pound is divided into 100 Piastres of 10 Ochr-el-guerch, or milliemes. The British Pound is divided into 20 Shillings of 12 pence. Peruvian Pound is divided into 10 Soles of 100 centavos each. Turkish Piastre is divided into 40 Paras. All other units are divided into hundredths.

[1] Not otherwise specified. [2] Except Indo-China. [3] Guadeloupe and Martinique rates are below par. [4] Except East Africa. [5] Exchange on Liberia is nominal. It is figured on a gold basis, but its circulation is not gold.

[12] Maximum and minimum rates of exchange (gold points) are operative only when gold is allowed to move freely from one country to another. Freight and insurance rates, as well as transportation delay and rate of interest are factors increasing or decreasing the figures above and below par.

GOLD STANDARD—*Continued*

COUNTRIES	UNITS	PAR VALUE OF $1 U. S. CURRENCY	MINIMUM		MAXIMUM	
Italy	Lira	5.18^{262}	Lr.	5.15	Lr.	5.25
Japan	Yen	2.00^{619}	Yen	1.97	Yen	2.03
Java	Gulden	2.48^{783}	Gldn.	2.43	Gldn.	2.53
Korea	Yen	2.00^{619}	Yen	1.96	Yen	2.04
Liberia [5]	Dollars	1.00	$	0.95	$	1.05
Montenegro	Perpera	4.93^{519}	Per.	4.90	Per.	5.00
Netherlands	Gulden	2.48^{783}	Gldn.	2.46	Gldn.	2.50
Newfoundland	Dollars	0.98^{632}	$	0.97^{60}	$	0.99^{60}
Norway	Kroner	3.73^{148}	Kr.	3.70	Kr.	3.76
Peru	Libras	0.2.05^{484}	£p.	0.2.03	£p.	0.2.10
Porto Rico	Dollars	1.00	$	0.99	$	1.01
Portugal	Escudo	0.92^{552}	E.	0.96	E.	1.04
Rumania	Lei	5.18^{262}	Lei	5.16	Lei	5.26
Russia	Roubles	1.94^{338}	Rbls.	1.91	Rbls.	1.98
Salvador	Colon	C/2.	C/1.96		C/	2.04
Santo Domingo	Dollars	1.00	$	0.99	$	1.01
Serbia	Dinars	5.18^{262}	Din.	5.16	Din.	5.26
Spain	Pesetas	5.18^{262}	Pes.	5.15	Pes.	5.25
Sweden	Kronor	3.73^{148}	Kr.	3.70	Kr.	3.76
Switzerland	Francs	5.18^{262}	Frs.	5.15	Frs.	5.25
Turkey	Piastres	22.29^{83}	Pias.	22.00	Pias.	23.50
Uruguay	Pesos	0.96^{689}	$	0.95	$	1.00
Venezuela	Bolivares	5.18^{262}	Bol.	5.16	Bol.	5.30

The Egyptian Pound is divided into 100 Piastres of 10 Ochr-el-guerch or milliemes. The British Pound is divided into 20 Shillings of 12 pence.

Peruvian Pound is divided into 10 Soles of 100 centavos each. Turkish Piastre is divided into 40 Paras. All other units are divided into hundredths.

[1] Not otherwise specified. [2] Except Indo China. [3] Guadeloupe and Martinique rates are below par. [4] Except East Africa. [5] Exchange on Liberia is nominal. It is figured on a gold basis, but its circulation is not gold.

[12] Maximum and minimum rates of exchange (gold points) are operative only when gold is allowed to move freely from one country to another. Freight and insurance rates, as well as transportation delay and rate of interest are factors increasing or decreasing the figures above and below par.

GOLD EXCHANGE STANDARD

COUNTRIES	UNITS	PAR VALUE IN U. S. CURRENCY	MINIMUM	MAXIMUM
Argentina	Peso (curso legal)	0.42^{449}	0.41^{50}	0.43^{50}
Brazil	Milreis	0.32^{444}	0.31^{50}	0.33^{50}
British East Africa and Zanzibar	Rupee	0.32^{444}	0.30	0.35
Ceylon	Rupee	0.32^{444}	0.31	0.34
E. Africa (ex-G'rm'n)	Rupee	0.31^{761}	0.30	0.34
India	Rupee	0.32^{444}	0.31^{80}	0.33^{80}
Italian Somaliland	Rupee	0.32^{444}	0.30	0.35
Malay States	Dollar	0.56^{776}	0.55^{50}	0.57^{50}
Mexico	Peso	0.49^{846}	0.48^{50}	0.50^{30}
Nicaragua	Cordoba	1.00	0.98	1.02
Panama	Balboa	1.00	0.99	1.01
Philippines	Peso	0.50	0.49	0.51
Siam	Tical	0.37^{085}	0.36	0.38
Straits Settlements	Dollar	0.56^{776}	0.55^{50}	0.57^{50}

The Brazilian Milreis is divided into 1000 Reis. Indian Rupee is divided into 16 Annas of 12 pies. All other units are divided into hundredths.

GOLD EXCHANGE STANDARD

COUNTRIES	UNITS	PAR VALUE OF $1 U. S. CURRENCY	MINIMUM	MAXIMUM
Argentina	Pesos (curso legal)	2.35[576]	$c/1 2.31	$c/1 2.40
Brazil	Milreis	3$.082[260]	3$.000	3$.150
British East Africa and Zanzibar	Rupee	3.08[226]	Rp. 2.80	Rp. 3.50
Ceylon	Rupee	3.08[226]	Rp. 3.00	Rp. 3.15
E. Africa (ex-German)	Rupee	3.14[851]	Rp. 3.00	Rp. 3.30
India	Rupee	3.1.4	Rp. 3.0.0	Rp. 3.2.3
Italian Somaliland	Rupee	3.08[226]	Rp. 2.90	Rp. 3.50
Malay States	Dollar	1.76[130]	$ 1.73	$ 1.80
Mexico	Peso	2.00[619]	$ 1.98	$ 2.02
Nicaragua	Cordoba	1.00	C. 0.98	C. 1.02
Panama	Balboa	1.00	B. 0.99	B. 1.01
Philippines	Peso	2.00	P. 1.96	P. 2.04
Siam	Tical	2.69[651]	T. 2.60	T. 2.80
Straits Settlements	Dollar	1.76[130]	$ 1.73	$ 1.80

The Brazilian Milreis is divided into 1000 Reis. Indian Rupee is divided into 16 Annas of 12 Pies. All other units are divided into hundredths.

SILVER STANDARD.—Maximum and minimum rates for exchange with SILVER STANDARD countries cannot be fixed. They are not limited to transportation, delay and other expenses for moving specie, but are subject, besides, to the constantly fluctuating GOLD price of SILVER.

To obtain maximum and minimum possible rates the price of SILVER has to be considered first, and to this moving expenses and others must be added or subtracted.

Very close figures can be obtained by calculating the intrinsic gold value of the silver unit according to the price of silver on the market and adding or subtracting expenses.

One Piastre of Indo-China contains .78125 of a fine ounce and it is worth, at the price of 100 cents per ounce fine, $0.78125. To find the commercial value of such Piastre in the United States, the cost of transportation, other expenses and compensation for delay must be deducted. Considering such expenses to amount, in all, to 3%, the sum of $0.02345 must be deducted, lowering such a value to $0.75780, or roughly $75^3/_4$ cents. This is the highest rate a Piastre of Indo-China is worth here, when the price of silver is 100 cents. When the price of silver is higher the value will also be higher, when lower the value will be lower.

To find the maximum and minimum rates of United States money in Indo-China, the proceedings have to be reversed. One dollar of United States money is worth in Indo-China, when silver is quoted at 100 cents per ounce fine, as follows:

1 Piastre at 100 cents per oz. fine is worth.....$0.78125
1 Dollar is worth (1:78125).....P.1.28002

This is the intrinsic gold equivalent. The maximum rate will be found by dividing 1 by $75\frac{3}{4}$ = P.1.31961. The minimum rate will be found by adding the cost of transporting silver to Indo-China ($0.78125 plus $0.02345 = $0.80470) and dividing 1 by the result $\left(\frac{1}{0.80470} =\right.$ P.1.24.270). The American dollar, on this basis, would fluctuate between P.1.32, which is the highest rate which can be asked for when the price of silver is 100 cents and P.1.24, which is the American dollar's lowest quotation possible, as long as the price of silver is 100 cents per oz. fine.

The same process is to be followed in all other cases.

Abrasion of coins is also an item which has to be taken into consideration. Usually the Silver Standard countries do not redeem their coins nor exchange them for new ones, and the holder has to suffer loss by abrasion. China is the only country which mints silver at home, either into coins or into bars (sycee) which circulate as money. All the others coin their silver abroad and put it into circulation through the regular channels—the banks. When exporting silver coins these are not selected, but shipped as obtained. The loss may not be very important, but nevertheless it affects the high domestic rate limit for exchange and consequently the quotation limit from abroad.

Inconvertible Paper Money.—Rates of exchange in

countries using inconvertible paper money have no limit of fluctuation, as they have no term of comparison with gold. Chile is the only country which can have a highest limit quotation in gold for its paper Peso since its conversion law fixes its value at 18 British pence (.54918 grammes fine gold). But such a law is not in operation and paper is quoted at a price that has no relation with said 18 pence. Guatemala and Paraguay have not yet provided for the redemption of their notes, and these are quoted at varying rates without reference at all to any gold value. Haiti has planned for the conversion of its money into one on a gold basis. If this is done it should be classified among gold standard countries.

EXCHANGE QUOTATIONS

The proper form to quote rates of exchange in the United States should be expressing in American money the value given, or demanded, for the foreign unit, as is done when referring to English money—so many dollars and cents per one pound sterling.

Although this is done for exchange on some countries, commercial habits have established also other forms which are used by almost all bankers.

Exchange for German money was quoted at so many cents for every four marks. For instance, .96, .95½, etc., which means 96 or 95½ cents American for Mks. 4. The equivalent per 1 mark was easily found; dividing the quotation by 4, and would mean, in the above mentioned case, 24, or .23875 cents respectively. Some bankers, however, quoted straight in cents per mark and would say 24 or 23 7/8 cents. At present the mark is quoted in cents.

Exchange on France, Belgium, and Switzerland is usually quoted at so many francs per dollar (fcs. 5.24, fcs. 5.23¾, etc.). Some bankers also quote, as should be, at so many cents American money per franc (.19, .192, .195, etc.). The same applies to the other countries of the Latin Union system (Spain, Italy, Greece, Rumania, Bulgaria, Serbia, Finland). It is quite easy to understand the quotation, when in the first form, and when in

the second. Exchange bulletins issued by bankers mention figures only, sometimes even without the monetary signs. But no mistake can be committed when reading, for instance, 5.24¼, or 524¼, on any of the Latin Union countries. It could be nothing else than 5.24¼ francs per $1, or 524.25 francs per $100. If .19, 19¼, etc., is mentioned, it is easily understood that it means 19, 19¼ cents American money per franc (or peseta, lira, markka, etc.).

Exchange on Austria, Hungary, Denmark, Sweden, Norway, Holland, Russia, Portugal, Egypt, Mexico, India, Japan, Philippines, etc., is expressed in dollars and cents per foreign unit. For instance, 202, 2025 on Austria and Hungary, meaning 20 1/5 or 20 1/4 cents American per krone; .2675, .2685, on any of the Scandinavian States, meaning 26¾, 26 85/100 cents American per krone or krona, etc.

Of course rates can be figured in both ways—so many dollars and cents per foreign unit, or so many foreign units and fraction per dollar. When wishing to find the corresponding quotation expressed in other terms than the one given, simply divide 1 by the rate mentioned. For instance, the rate of 5.25 francs per $1 corresponds to $\left(\frac{1}{5.25}\right)$ $0.190476 and a fraction per 1 franc. The rate of $0.96 per 4 marks, which is $\left(\frac{96}{4}\right)$ $0.24 per one mark corresponds to $\left(\frac{1}{24}\right)$ Mks. 4 16 2/3 per $1.

Rates for exchange on Canada, Porto Rico, Hawaii, Panama and all other countries using the same dollar as the United States, are expressed in terms of so many dollars and cents per dollar, or in a percentage of premium or discount. For instance, $0.99875 on Canada would mean that $0.99 7/8 American is given or demanded for one dollar of Canada. This is also expressed as 1/8 of 1% discount. Were the rate $1.00125 it would be 1/8 of 1% premium,

The Newfoundland dollar being slightly better than the American ($1.01387), rates would be quoted expressing in American money the value given or demanded for one Newfoundland dollar ($1.014, $1.015, etc.).

Cuba uses its own money exactly like the American money. Its exchange is always quoted at so many cents American for one peso. When drawing in American dollars the rate would be quoted at a premium or discount (1/8 of 1%, 1/4, etc.).

Figures mentioned above refer to pre-war times. They are given only as examples, as exchange rates at present are entirely different.

Rates on France, Switzerland, Belgium, Germany, Italy, and Holland, and eventually some other country, are often quoted "plus" (+) or "minus" (—) 1/16, 1/32, 1/64, or multiplies of these. This means that on the total value as a result of the exchange 1/16, 1/32, or 1/64 or multiplies of ONE PER CENT is added (in the first case) or deducted (in the second). For instance, Fcs. 52,600 at 5.25 + 1/32 would be:

Fcs. 52,500 at 5.25	$10,000.00
Plus 1/32 of 1%	3.12½
	$10,003.12½

If the rate were 5.25−1/32, the value would be $10,000 less $3.12½, or $9,996.87½.

This fraction could be considered in the exchange rate, reversing the operation, that is, deducting from the rate when + and adding when −. For instance, the rate of 5.25 + 1/32 would be 5.25 *less* 0.00164, or net 5.24836. The rate (divisor) being decreased, the number of dollars (result) would be increased. If the rate was 5.26 − 1/32, the net rate would be 5.25164. The rate (divisor) being increased, the number of dollars (result) would be decreased. In this example fcs. 52,500 at 5.24836 would be 10.003.12½, the 3.12½ appearing already added in the result. At 5.25164 the result would be 9.996.87½, the 3.12½ in this case appearing deducted in the result. But this is too cumbersome, the first form being much easier and simpler.

It is well to have in mind that every 1/16, 1/32, and 1/64 of 1% represents the following:

	1/16	1/32	1/64
on 100	0.0625	0.03125	0.015625
1,000	0.625	0.3125	0.15625
10,000	6.25	3.125	1.5625
100,000	62.50	31.25	15.625
1,000,000	625.	312.50	156.25

COLONIES AND POSSESSIONS NOT MENTIONED IN PRECEDING TABLES

COUNTRY	LOCATION	CURRENCY USED	COUNTRY	LOCATION	CURRENCY USED
Aden	Asia	British	Cape of Good Hope	Africa	British
Algeria	Africa	French	Cape Verde Islands	Africa	Portuguese
Angola	Africa	Portuguese	Comoro Islands	Africa	French
Anguilla	America	British	Crete	Europe	Greek
Antigua	America	British	Curacao	America	Dutch
Arabia	Asia	Turkish	Cyprus	Asia	British
Asuncion Island	Africa	British	Dahomey	Africa	French
Australia	Oceania	British	Dominica	America	British
Azores	Africa	Portuguese	East Africa (British)	Africa	Rupee
Bahamas	America	British & American	East Africa (Portuguese)	Africa	Portug. & British
Barbados	America	British & American	Falkland Islands	America	British
Barbuda	America	British	Fernando Pó	Africa	Spanish
Basutoland	Africa	British	Formosa	Asia	Japanese
Bechuanaland	Africa	British	Gambia	Africa	British
Bermudas	America	British & American	Gibraltar	Europe	British & Spanish
Bokhara	Asia	Russian	Goa	Asia	Portuguese
Borneo (North)	Asia	S. S. dollar	Gold Coast	Africa	British
Borneo	Asia	Dutch	Grenada	America	British & American
Brunei	Asia	S. S. dollar	Guadeloupe	America	French
Burma	Asia	Rupee	Guam	Oceania	American
Canal Zone	America	American	Guiana (British)	America	American
Canary Islands	Africa	Spanish	Guiana (Dutch)	America	Dutch

COLONIES—*Continued*

COUNTRY	LOCATION	CURRENCY USED	COUNTRY	LOCATION	CURRENCY USED
Guiana (French)	America	French	Mayotte	Africa	French
Guinea (French)	Africa	French	Monserrat	America	British
Guinea (Portuguese)	Africa	Portuguese	Natal	Africa	British
Ivory Coast	Africa	French	Nevis	America	British
Jamaica	America	British	New Caledonia	Oceania	French
Kamerun	Africa	*	New Guinea	Oceania	British
Kiao Chao	Asia	Japanese	New Hebrides	Oceania	French
Kiva	Asia	Russian	New Zealand	Oceania	British
Kongo (Belgian)	Africa	Belgian	Niger	Africa	French
Kongo (French)	Africa	French	Nigeria	Africa	British
Kongo (Portuguese)	Africa	Portuguese	Nyassaland	Africa	British
Kuria Muria Islands	Asia	British	Oman	Asia	Turkish
Labuan	Asia	S. S. dollar	Orange River	Africa	British
Lourenco Marques	Africa	Portug. & British	Perim	Asia	British
Madagascar	Africa	French	Principe	Africa	Portuguese
Madeira	Africa	Portuguese	Reunion	Africa	French
Macao	Asia	Portuguese	Rhodesia	Africa	British
Malta	Europe	British	Rio de Oro	Africa	Spanish
Marianne Islands	Oceania	*	Rio Muni	Africa	Spanish
Marshall Islands	Oceania	*	St. Christopher	America	British
Martinique	America	French	St. Helena	Africa	British
Mauritius	Africa	Rupee	St. Kitts	America	British

COUNTRY	LOCATION	CURRENCY USED	COUNTRY	LOCATION	CURRENCY USED
St. Lucia	America	British	Sumatra	Asia	Dutch
St. Thomas	America	American	Swaziland	Africa	British
St. Thomê	Africa	Portuguese	Timor	Asia	Portuguese
St. Vincent	America	British	Togo	Africa	
Samoa (Tutuila)	Oceania	American	Tonga	Oceania	British
Samoa (Savai & Upolu)	Oceania	*	Transvaal	Africa	British
Sarawak	Asia	S. S. dollar	Trinidad	America	British & American
Senegal	Africa	French	Upper Senegal	Africa	French
Seychelles	Africa	Rupee	Tunis	Africa	French
Sierra Leone	Africa	British	Turkestan	Asia	Turkish
Sokotra	Asia	British	Uganda	Africa	Rupee
Somali (Italian)	Africa	Rupee	Virgin Islands	America	British
Somali (British)	Africa	Rupee	Virgin Islands	America	American
Somali Coast	Africa	French	Zanzibar	Africa	Rupee

INDEPENDENT STATES NOT MENTIONED IN PRECEDING TABLES

COUNTRY	LOCATION	CURRENCY USED	COUNTRY	LOCATION	CURRENCY USED
Andorra	Europe	Spanish & French	Monaco	Europe	French
Lichtenstein	Europe	Austrian	San Marino	Europe	Italian
Luxemburg	Europe	French & German			

British currency refers to the Pound Sterling and divisions. American to the United States Dollar and divisions. S. S. Dollar refers to the Straits Settlement Dollar.

As the disposition of the German Colonies has not yet been decided, no mention is made in the description of their money which was actual German Currency or based on it. In the future, it is probable that they will use the money of the country to whom they may be transferred in mandate or definitely.

TABLE OF INTRINSIC VALUE OF SUBSIDIARY SILVER CURRENCY IN GOLD AND GOLD EXCHANGE STANDARD COUNTRIES WHERE IT HAS PASSED THE REPRESENTATIVE VALUE

COUNTRIES	UNIT	WEIGHT GRAMMES FINE PER UNIT	PER CENT OF ONE OUNCE FINE	VALUE IN AMERICAN CURRENCY AT $1 PER OUNCE	REPRESENTATIVE (GOLD) VALUE	EXCESS VALUE	PERCENTAGE PREMIUM
GOLD STANDARD							
Bolivia	1 Boliviano	16.6666	53.5828	$.53583	$.38932	14.649	37.62714
Costa Rica	1 Colon	18.0000	57.8703	.57870	.46536	11.334	24.35533
Ecuador	1 Sucre	22.5000	72.3379	.72338	.48666	23.672	48.64176
Japan	1 Yen	16.2000	52.0823	.52082	.49846	2.237	4.48780
Peru	1 Sol	22.5000	72.3379	.72338	.48666	23.672	48.64176
Russia	1 Rouble	17.9961	57.8579	.57858	.51456	6.402	12.44208
GOLD EXCHANGE STANDARD							
British East Africa	1 Rupee	10.6920	.343747	$.34375	$.32444	1.931	5.95180
Ceylon	1 Rupee	10.6920	.343747	.34375	.32444	1.931	5.95180
German East Africa	1 Rupee	10.6920	.343747	.34375	.31761	2.614	8.23022
India	1 Rupee	10.6920	.343747	.34375	.32444	1.931	5.95180
Italian Somaliland	1 Rupee	10.6920	.343747	.34375	.32444	1.931	5.95180
Panama	1 Peso	22.5000	.723379	.72338	.50000	22.338	44.67600
Philippines	1 Peso	16.0000	.514400	.51440	.50000	1.440	2.88000
Siam	1 Tical	13.5000	.434028	.43403	.37805	6.318	1.70339
St. Settlements	1 Dollar	18.1958	.584999	.58500	.56776	1.724	3.03473

(Smaller coins contain, as a rule, less quantity of fine silver per unit.)

As a matter of information in the following Table, are described the Subsidiary Silver coins of countries other than Silver Standard, mentioning the price of silver at which they would be worth intrinsically the same as their representative value.

SUBSIDIARY SILVER IN GOLD AND GOLD EXCHANGE STANDARD COUNTRIES

Intrinsic and Representative (Gold) Values

Gold Standard

COUNTRIES	COIN	WEIGHT GRAMMES FINE	PER CENT OF 1 OUNCE	VALUE IN AMERICAN CURRENCY AT $1 PER OUNCE	REPRESENTATIVE VALUE (GOLD)	PRICE OF SILVER FOR GOLD PARITY
Austria	5 Kronen	21.6000	.694444	$.69^{444}	$1.01^{315}	$1.45894
	1 Krone	4.1750	.134227	.13^{423}	.20^{263}	1.50957
Belgium	5 Francs	22.5000	.723379	.72^{338}	.96^{475}	1.33369
	1 Franc	4.1750	.134227	.13^{423}	.19^{295}	1.43746
British Honduras	½ Dollar	10.7490	.345583	.34^{558}	.50	1.44684
British Colonies	1 Shilling	5.2311	.168181	.16^{818}	.24^{333}	1.44684
Bulgaria	5 Leva	22.5000	.723379	.72^{338}	.96^{475}	1.33376
	1 Lev	4.1750	.134227	.13^{423}	.19^{295}	1.43746
Canada	1 Dollar	21.5784	.693750	.69^{375}	1.00	1.44144
Colombia	1 Peso	22.5000	.723379	.72^{338}	.97^{331}	1.34550
Cuba	1 Peso	24.0566	.773425	.77^{343}	1.00	1.29292
Denmark	1 Krone	6.0000	.192901	.19^{290}	.26^{789}	1.38926
Egypt	20 Piastres	23.3333	.750171	.75^{017}	.98^{861}	1.31785
Finland	1 Markka	4.4988	.144637	.14^{464}	.19^{295}	1.33400
France	5 Francs	22.5000	.723379	.72^{338}	.96^{475}	1.33367
	1 Franc	4.1750	.134227	.13^{423}	.19^{295}	1.43746

GOLD STANDARD—*Continued*

COUNTRIES	COIN	WEIGHT GRAMMES FINE	PER CENT OF 1 OUNCE	VALUE IN AMERICAN CURRENCY AT $1 PER OUNCE	REPRESENTATIVE VALUE (GOLD)	PRICE OF SILVER FOR GOLD PARITY
Germany	1 Mark	5.0000	.160751	.16^{075}	.23^{821}	$1.48190
Great Britain	1 Shilling	5.2311	.168181	.16^{818}	.24^{333}	1.44684
Greece	5 Drachmai	22.5000	.723379	.72^{338}	.96^{475}	1.33367
	1 Drachma	4.1750	.134227	.13^{423}	.19^{295}	1.43746
Hawaii	1 Dollar	24.0570	.773438	.77^{344}	1.00	1.29292
Hungary	5 Korona	21.6000	.694444	.69^{444}	1.01^{315}	1.45894
	1 Korona	4.1750	.134227	.13^{423}	0.20^{263}	1.50957
Italy	5 Lire	22.5000	.723379	.72^{338}	.96^{475}	1.33367
	1 Lira	4.1750	.134227	.13^{423}	.19^{295}	1.43746
Java	1 Guilder	9.4500	.303819	.30^{382}	.40^{196}	1.32302
Liberia	1 Dollar	24.0570	.773438	.77^{344}	1.00	1.29292
Montenegro	5 Perpera	21.6000	.694444	.69^{444}	1.01^{615}	1.45894
	1 Perper	4.1750	.134227	.13^{423}	.20^{263}	1.50957
Netherlands	1 Guilder	9.4500	.303819	.30^{382}	.40^{196}	1.32302
Newfoundland	½ Dollar	10.7488	.345576	.34^{558}	.50^{693}	1.46562
Norway	1 Krone	6.0000	.192901	.19^{290}	.26^{799}	1.38926
Porto Rico	1 Dollar	24.0570	.773438	.77^{344}	1.00	1.29292
Portugal	1 Escudo	20.8750	.671136	.67^{114}	1.08^{056}	1.61003
Rumania	5 Lei	22.5000	.723379	.72^{338}	.96^{475}	1.33367

GOLD STANDARD—*Continued*

COUNTRIES	COIN	WEIGHT GRAMMES FINE	PER CENT OF 1 OUNCE	VALUE IN AMERICAN CURRENCY AT $1 PER OUNCE	REPRESENTATIVE VALUE (GOLD)	PRICE OF SILVER FOR GOLD PARITY
Rumania	1 Leu	4.1750	.134227	.13^{423}	.19^{295}	$1.43746
Santo Domingo	1 Dollar	24.0570	.773438	.77^{344}	1.00	1.29292
Serbia	5 Dinara	22.5000	.723379	.72^{338}	.96^{475}	1.33367
	1 Dinar	4.1750	.134227	.13^{423}	.19^{295}	1.43746
Spain	5 Pesetas	22.5000	.723379	.72^{338}	.96^{475}	1.33367
	1 Peseta	4.1750	.134227	.13^{423}	.19^{295}	1.43746
Sweden	1 Krona	6.0000	.192901	.19^{290}	.26^{799}	1.38926
Switzerland	5 Francs	22.5000	.723379	.72^{338}	.96^{475}	1.33367
	1 Franc	4.1750	.134227	.13^{423}	.19^{295}	1.43746
Turkey	20 Piastres	19.9657	.641901	.64^{190}	.87^{928}	1.36981
United States	1 Dollar	24.0570	.773438	.77^{344}	1.00	1.29292
	½ Dollar	11.2500	.361690	.36^{169}	0.50	1.38239
Uruguay	1 Peso	22.5000	.723379	.72^{338}	1.03^{424}	1.42973
Venezuela	5 Bolivares	22.5000	.723379	.72^{338}	0.96^{475}	1.33367
	1 Bolivar	4.1750	.134227	.13^{423}	0.19^{295}	1.43746

GOLD EXCHANGE STANDARD

Argentina	1 Peso	22.5000	.723377	$.72^{338}$	$.96^{475}$	$1.33367
Brazil	1 Milreis	9.0000	.298352	$.28^{935}$	$.32^{444}$	1.12125
Mexico	1 Peso	12.0000	.385802	$.38^{580}$	$.49^{846}$	1.28683
Nicaragua	1 Cordoba	22.5000	.723379	$.72^{338}$	1.00	1.38239

PAPER MONEY

Haiti	1 Gourde	5.2188	.167760	$.16^{776}$	.25	1.49022
Chile	1 Peso	6.4800	.208333	$.20^{833}$	$.36^{500}$	1.75203

(See Note No. 2, page 33.)

EXCHANGE, A DECISIVE FACTOR IN TRADE

The question of exchange with foreign countries is entirely different from the point of view of bankers and that of merchants.

No matter how interested bankers may be in the welfare of the country, rates of exchange do not affect them. They "trade" in exchange and they derive their profits from the purchase and sale of exchange. Those profits constitute the power that keeps the wheels of foreign trade moving. If banks made no profits in exchange they would not buy foreign bills and trade would stop, as no one could afford to ship goods and wait for remittance at maturity.

But the rate in fact is immaterial to them as they will always make a legitimate profit in buying bills at no matter what price and selling them at an advantage. Their interest in returning to normality is indirect.

The position of merchants is different because the rate of exchange affects *their prices* and the possibility of competing with other foreign articles similar to theirs in or from other countries. Anyone, however little knowledge he may have of the subject, understands perfectly well that if the British pound Sterling drops to $3.50 against a former par value of $4.86656, British goods will be

cheaper, in Great Britain, in the United States and in all foreign countries.

An example will illustrate the matter. Goods worth formerly £1,000 cost in the United States $4,866.56—and against this cost American Manufacturers could compete by selling for $4,800. Now those same goods costing the same £1,000 could be paid for with $3,500 (if exchange dropped to $3.50 per pound), and against this figure American Manufacturers could not compete if they could only sell for $4,800. In the case of American goods exported to Great Britain the case is the same. Formerly American Manufacturers could ask $4,800.00, in any British port competing with British Manufacturers who asked £1,000, the exact equivalent of which was $4,866.56. At present the same American Manufacturers asking the same $4,866.56 would find that they were no more £1,000 but (at the rate of $4 per £1) £1,390.8.11 or more than 39% higher and that they could not compete with British Manufacturers who asked only £1,000.

In the case of another foreign country competition would be handicapped just the same. Before the War it cost in Argentine money exactly the same to pay for £1,000 or $4,866.56. At present while the equivalent of $4,866.56 would be the same in Argentine money, $11,464.45 Argentine paper, the equivalent of £1,000 would only be $8,225.00. It is out of the question that no Argentine merchant would prefer to buy where he would have to pay more in his money.

Of course prices have advanced in Great Britain, but

they have not remained stationary in the United States nor have they decreased.

Competition with France is worse because the franc is more depreciated at present than the pound sterling. With Italy worse still, and worse with Germany whose money is quoted to-day at less than 1/10th of its former value.

It is true that those countries will have to pay more for raw material purchased in countries whose money is at a premium compared with British, French, Italian, and German money. But the proportion of raw material in manufactured goods is sometimes the smallest factor. Furthermore not always does the producing country obtain its price. Many times it has to take what it can get and suffer the loss of being paid in depreciated money. It depends on how powerful the purchasing country may be and as a rule producers are always more in haste to sell than consumers (manufacturers especially) to buy.

Manufacturers and exporters at this time can not fail to become intensely interested in the matter of exchanges. Before the war it did not change as much, and it was not such a decisive factor in their trade as it is at present.

The safest way, of course, would be to sell in dollars, but they may be underbidden elsewhere at any time, solely because of exchange. They have to submit to what they can not prevent, following the market of exchange day by day to know at least what may be coming. But they are one of the greatest factors or exchange as they are the producers and should co-operate in some way with other factors in trying to re-establish normality.

Exchanges may be stabilized in a way by selling and buying bills for future delivery and patching up conditions for a few months ahead until the World devises some means of regulating rates in spite of the terrific disturbance prevailing. A temporary remedy again of indefinite duration, but a palliative at least.

THIS BOOK IS DUE ON THE LAST DATE STAMPED BELOW

AN INITIAL FINE OF 25 CENTS

WILL BE ASSESSED FOR FAILURE TO RETURN THIS BOOK ON THE DATE DUE. THE PENALTY WILL INCREASE TO 50 CENTS ON THE FOURTH DAY AND TO $1.00 ON THE SEVENTH DAY OVERDUE.

FEB 7 1934

6/1/34

SEP 13 1935

LD 21–100*m*-7,'33

Y.C 98379

413165

HG 3863
G7
1920
cop 2

UNIVERSITY OF CALIFORNIA LIBRARY